



BROWARD OFFICE OF THE INSPECTOR GENERAL

MEMORANDUM

To: Honorable Tom Green, Acting Mayor, City of Wilton Manors
and Members, City of Wilton Manors City Commission

From: John W. Scott, Inspector General 

Date: October 27, 2020

Subject: **OIG Final Report Re: *Misconduct and Internal Control Issues in City of Wilton Manors Procurements from a Motor Vehicle Repair Vendor, Ref. OIG 18-015-M***

Attached please find the final report of the Broward Office of the Inspector General (OIG) regarding the above-captioned matter. The OIG determined that city employees engaged in misconduct by violating the city's purchasing code in the acquisition of motor vehicle repair and non-motor vehicle related goods and services from J & R Service Center, Inc. (J & R), a licensed motor vehicle repair shop and city vendor whose owner had long-standing social relationships with multiple city employees. From April 15, 2013, to September 5, 2017, the city paid J & R \$81,376.57 for 189 invoices. Of this amount, \$49,152.32 was related to motor vehicle repair, which J & R was licensed to do, and \$32,224.25 was related to non-motor vehicle repair.

Specifically, the investigation determined that staff within the emergency management-utilities (EMU) and leisure services departments (1) failed to obtain competitive oral or written quotations (quotes) for purchases with an estimated cost of over \$1,000.00 and up to \$3,000.00; (2) failed to obtain competitive written quotes for at least one purchase with an estimated cost of over \$3,000.00 and under \$20,000.00; and (3) failed to initiate a purchase order for at least one purchase of \$3,000.00 and above, all of which the city's purchasing code required. Further, the OIG found that a department director who had a social relationship with J & R's owner failed to detect or prevent obvious splitting of two purchases by staff and, in some cases, approved or participated in the transactions.

The OIG determined that the finance department did not keep a record of required quotes for the identified J & R purchases, which also violated the city code since it required the finance director or his designee to maintain all records of such quotes. Our investigation also identified several internal control weaknesses in the city's purchasing.

After our investigation uncovered staff's failure to obtain quotes from J & R or issue necessary purchasing orders, staff's ad hoc procurement of services from J & R, a department director's social relationship with J & R's owner, and the lack of adequate staff training on procurement, the city

John W. Scott, *Inspector General*

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issued a solicitation for vehicle and equipment maintenance and secured a contract with another vendor that had an existing contract to service only the city's police vehicles. This contract included an hourly labor rate that was 56.25% less than J & R's labor rate at the time. In addition, the city held several procurement training sessions that addressed issues that arose during the investigation.

The OIG is encouraged by the city's acknowledgment of the issues identified in this report and are pleased that it has taken steps to make meaningful improvements to its processes.

The OIG urges the city and, indeed, all municipalities in Broward to review vendor payment activity for large aggregate payments in the absence of contracts and to ensure that staff and management are following proper internal controls in the procurement of goods and services from those vendors. In addition, we specifically suggest that the city of Oakland Park consider the findings reported here and the nature of its staff relationships and payments to J & R.

Attachment

cc: Hon. Tim Ryan, Commissioner, Broward County Board of County Commissioners
Leigh Ann Henderson, City Manager, City of Wilton Manors
Kerry L. Ezrol, City Attorney, City of Wilton Manors
David Hebert, City Manager, City of Oakland Park
Individuals previously provided a Preliminary Report

BROWARD OFFICE OF THE INSPECTOR GENERAL



FINAL REPORT

OIG 18-015-M
October 27, 2020

*Misconduct and Internal Control Issues
in City of Wilton Manors Procurements from a Motor Vehicle Repair Vendor*



BROWARD OFFICE OF THE INSPECTOR GENERAL

FINAL REPORT RE: *MISCONDUCT AND INTERNAL CONTROL ISSUES* *IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR*

SUMMARY

As part of an ongoing effort to help local governments identify and recover misspent taxpayer funds, the Broward Office of the Inspector General (OIG) initiated a review of payment records of several municipalities. Our review identified possible duplicate payments by the City of Wilton Manors in its procurement of goods and services, which led to an investigation into whether city management and staff violated the procurement code in the acquisition of some of those goods and services.

The OIG substantiated that city employees engaged in misconduct by violating the city's purchasing code in the acquisition of motor vehicle repair and non-motor vehicle related goods and services from a city vendor, J & R Service Center, Inc. (J & R), a licensed motor vehicle repair shop and city vendor whose owner had long-standing social relationships with multiple city employees. From April 15, 2013, to September 5, 2017, the city paid J & R \$81,376.57 for 189 invoices. Of this amount, \$49,152.32 was related to motor vehicle repair, which J & R was licensed to do, and \$32,224.25 was related to non-motor vehicle repair.¹

Specifically, the investigation determined that staff within the emergency management-utilities (EMU) and leisure services departments (1) failed to obtain competitive oral or written quotations (quotes) for purchases with an estimated cost of over \$1,000.00 and up to \$3,000.00; (2) failed to obtain competitive written quotes for at least one purchase with an estimated cost of over \$3,000.00 and under \$20,000.00; and (3) failed to initiate a purchase order for at least one purchase of \$3,000.00 and above, all of which the city's purchasing code required. The OIG also found that a department director who had a social relationship with J & R's owner failed to detect or prevent obvious splitting of two purchases by staff and, in some cases, approved or participated in the transactions.

Except for the handwritten prices of two competitors on the face of a J & R invoice, despite the requirement to use a quotation form that called for significantly more details, the finance department did not ensure that departments followed the mandated procedures. Because the city code required the finance director or his designee to maintain all records of quotes, and because the former finance director, as the final approver, never questioned why there were no quotes yet approved the purchases anyway, we found that this also violated the city code.

Our investigation also identified several internal control weaknesses in the city's purchasing. We found that (1) the city lacked consistent controls to check vendor activity reports for duplicate

¹ If the calculation included work on dump trucks weighing in excess of 10,000 pounds in the motor vehicle repair category, then \$57,962.32 was related to motor vehicle repair, and \$23,414.25 was related to non-motor vehicle repair.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

payments; (2) the city lacked controls to ensure that employees utilized or referenced any established city contracts before seeking other, non-vetted vendors to purchase goods or services; (3) J & R was able to charge the city different labor rates that increased by 47% over time, because there was no contract and no established citywide standard in place for employees to reference; and (4) staff procurement training was inadequate.

Our investigation uncovered staff's failure to obtain quotes from J & R or issue necessary purchasing orders, staff's ad hoc procurement of services from J & R, a department director's social relationship with J & R's owner, and the lack of adequate staff training on procurement. Thereafter, the city issued a solicitation for vehicle and equipment maintenance and secured a contract with another vendor that had had an existing contract to service only the city's police vehicles. This contract included an hourly labor rate that was 56.25% less than J & R's labor rate at the time. In addition, the city held several procurement training sessions that addressed issues that arose during the investigation.

The OIG is encouraged by the city's acknowledgement of the issues identified in this report and are pleased that it has already taken steps to make meaningful improvements to its processes.

The OIG urges the city and, indeed, all municipalities in Broward to review vendor payment activity for large aggregate payments in the absence of contracts and to ensure that staff and management are following proper internal controls in the procurement of goods and services from those vendors. In addition, we specifically suggest that the city of Oakland Park consider the findings reported here and the nature of its staff relationships and payments to J & R.²

OIG CHARTER AUTHORITY

Section 10.01 of the Charter of Broward County empowers the Broward Office of the Inspector General to investigate misconduct and gross mismanagement within the Charter Government of Broward County and all of its municipalities. This authority extends to all elected and appointed officials, employees and all providers of goods and services to the county and the municipalities. On his own initiative, or based on a signed complaint, the Inspector General shall commence an investigation upon a finding of good cause. As part of any investigation, the Inspector General shall have the power to subpoena witnesses, administer oaths, require the production of documents and records, and audit any program, contract, and the operations of any division of the county, its municipalities, and any providers.

The Broward Office of the Inspector General is also empowered to issue reports, including recommendations, and to require officials to provide reports regarding the implementation of those recommendations.

² As reported below, a close friend of the Owner of J & R formerly worked for Wilton Manors and now works for Oakland Park, a city that the Owner of J & R included among those whose vehicles he serviced.

ENTITIES AND INDIVIDUALS COVERED IN THIS REPORT

David Archacki, Director of Emergency Management - Utilities

Mr. Archacki started with the city in June 1985 as a water and sewer worker. After working several years as a department foreman and a field supervisor, Mr. Archacki progressed again to become the city's public services director in October 1998. After several years working as the public services director, he retired for one month in September 2017, only to return to work as the EMU department director. He managed eight employees and reported directly to the city manager. Mr. Archacki was responsible for reviewing and approving all purchases for the EMU department.

Bob Mays, Former Finance Director

Prior to coming to Wilton Manors, Mr. Mays worked as the treasurer for the City of Fort Lauderdale for approximately five years. The city initially hired him as the assistant finance director in February 2008 and promoted him to finance director when his predecessor retired in December 2011. Mr. Mays retired from the city in September 2019. As the finance director, he reported directly to the city manager. He managed the finance department staff, including the Assistant Director of Finance, the purchasing coordinator, and two part-time accounting technicians. He was responsible for maintaining records of all bids submitted in competition for purchases and giving the final finance department approval for all purchases.

J.P.

J.P. began working for the city as a part-time public works serviceman in May 1991. He became full-time in 1993 and became the utilities supervisor for the EMU department in October 1998. He reported directly to Mr. Archacki, a friend from high school with whom he was partners in two Florida limited liability corporations. J.P. was responsible for the day-to-day operations in the utility's division street, water, and recycling sections. He was also responsible for purchasing some goods and services within his department.

E.S.

E.S. officially retired as a city employee in May 2013 and then worked until November 2016 as an independently contracted superintendent of leisure services for the city. In total, he worked for the city for about 29 years. Prior to his official retirement, for approximately ten years, he worked as the building and grounds supervisor under the Leisure Services Director. As the superintendent of leisure services from June 2013 through November 2016, E.S. supervised approximately 15 employees, including two foremen, two crew leaders, and other maintenance workers. He was responsible for making purchases to maintain leisure services department property, including its vehicle fleet.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

J.S.

J.S. was initially hired as a public services technician I in June 2006. He was promoted in April 2013 to become a utility technician II, a position he held until he accepted his current position a few years ago as the EMU recycling solid waste and hazardous household waste coordinator. J.S. reported to the utilities supervisor and Mr. Archacki. He did not supervise any employees, but he often led projects. His primary role was monitoring the city’s waste and recycling programs, but, since there were only six total employees in the utilities division, he also supported the street and water sections of EMU.

RELEVANT GOVERNING AUTHORITIES

Florida Statutes

Sec. 559.903 Definitions. – As used in this act: . . .

(5) “Motor vehicle” means any automobile, truck, bus, recreational vehicle, motorcycle, motor scooter, or other motor powered vehicle, but does not include trailers, mobile homes, travel trailers, trailer coaches without independent motive power, watercraft or aircraft, or special mobile equipment as defined in s. 316.003.

(6) “Motor vehicle repair shop” means any person who, for compensation, engages or attempts to engage in the repair of motor vehicles owned by other persons . . .

(8) “Motor vehicle repair” means all maintenance of and modifications and repairs to motor vehicles, and diagnostic work incident thereto, including, but not limited to, the rebuilding or restoring of rebuilt vehicles, body work, painting, warranty work, and other work customarily undertaken by motor vehicle repair shops.

Broward County Code

Sec. 20-176.72 – Definitions. . . .

(o) *Motor vehicle* means automobile, truck (having a gross weight of ten thousand (10,000) pounds or less), bus, recreational vehicle, or motorcycle required to be licensed under Chapter 320, F.S. for operation over roads of Florida, but does not include trailers, mobile homes, travel trailers or trailer coaches without independent motive power.

(p) *Motor vehicle repair shop* means any person or business which, for compensation, engages in the activity of repairing, replacing, reconditioning, adjusting, analyzing, diagnosing or altering the operation condition of motor vehicles that are owned by other persons . . .

City of Wilton Manors Code of Ordinances

Chapter 2 – Administration, Article V. – Finance, Division 2. – Purchasing . . .

Sec. 2-268. – Procurement Procedures . . .

(a) *Definitions.* For the purpose of this division of the Code, the following definitions shall apply unless the context clearly indicates or requires a different meaning. . . .

Quotations means unsealed telephonic, oral, facsimile or written bids for commodities or services. . . .

(b) *Purchasing division.* The purchasing division shall be under the supervision of the finance director or his/her designee.

(c) *Compliance required.* It shall be unlawful for any city officer or employee to purchase any commodities or services or make any contract within the purview of this division unless there has been compliance with the requirements of this division. Any purchase made or contract executed contrary to the provisions hereof shall be null and void, and the city shall not be bound thereby.

. . .

(j) *Availability of funds and purchase orders.* Except in cases of emergency, the city manager or his or her designee shall not issue any order for delivery on a contract or any open-market order unless and until the director of the finance department certifies that there are unencumbered funds available in the using department's budget, in excess of all unpaid obligations, to defray the cost of such commodities or services. Such certification of funds availability shall be included on the using department's written purchase order for all purchases in the amount of three thousand dollars (\$3,000.00) or more.

(k) *Open market procedure.* A purchase of, or contract for, commodities or services that is estimated by the using department director to cost one thousand dollars (\$1,000.00) or less, may be purchased either in the open market, without newspaper advertisement and without observing the procedures prescribed by subsection (e) above, or in accordance with the competitive bidding procedure prescribed by subsection (f) above, as deemed appropriate by the chief procurement officer. However, all such purchases of greater than the estimated cost of one thousand dollars (\$1,000.00) but less than or equal to three thousand dollars (\$3,000.00) shall require at least three (3) oral or written quotations. Purchases of an estimated cost greater than three thousand dollars (\$3,000.00) but less than twenty thousand dollars (\$20,000.00) shall require at least three (3) quotations in written form. All quotations shall be indicated on or attached to the using department's purchase order requisition form.

(1) *Notice inviting quotations.* When using the open market procedure, the using department director may solicit, or oversee the solicitation of quotations by:

- a. Direct mail requests to prospective vendors;
- b. Telephone;
- c. Public notice;
- d. Facsimile;
- e. Internet.

(2) *Recording.* The finance director or designee shall keep a record of all open market orders and the bids submitted in competition thereon and such records shall also be open to public inspection.

City of Wilton Manors Purchasing Card Policies and Procedures Manual

LIMITS AND RESTRICTIONS . . .

Purchases greater than \$3,000.00 require a P.O. [purchase order], prior to making the purchase, per the City's purchasing ordinance. In addition, written or oral quotes must be obtained for purchases from \$1,000.00 up to \$3,000.00.

INVESTIGATION

Investigation Overview

As part of an ongoing effort to help local governments identify and correct internal processes that are vulnerable to abuse, the OIG initiated a review of several municipalities' payment records. This review led to a concern that Wilton Manors city employees might have violated the city's procurement code in the acquisition of goods and services from a licensed motor vehicle repair shop. The OIG reviewed all city p-card purchases from J & R paid in fiscal years 2014 through 2017 and found that staff within the leisure services and EMU departments violated the city's requirement to obtain competitive vendor quotes for purchases estimated to cost more than \$1,000.00.

The OIG's investigation substantiated misconduct when it found that staff made and management permitted six p-card payments for four purchases, totaling \$11,147.20, which purchases were in violation of the procurement code.³ For the first purchase, EMU department employees intentionally split the purchase into two, failed to obtain any quotes, and failed to initiate a purchase order for a purchase over \$3,000.00. Instead, the employees elected to use two employees' p-cards to pay for the service with two separate financial transactions. For the second purchase, EMU staff again failed to obtain any quotes for a purchase over \$1,000.00. For the third purchase, EMU staff again split a purchase for a purchase over \$1,000.00. For the fourth purchase, leisure services department staff failed to obtain and document three quotes for a purchase valued greater than \$1,000.00. We found other irregularities in this purchase, which was for fence construction work that the automobile repair vendor subcontracted. For the improper purchases identified, the p-card holders violated purchasing procedures, the final reviewers failed to identify and rectify the

³ The OIG found that staff split two of these four purchases, which resulted in six transactions.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

violations or participated in the violations, and the finance director failed to ensure a record of the necessary quotes.

During the investigation, the OIG also established that the EMU department director had a longstanding social relationship with the Owner of J & R.

Finally, we observed, and the former finance director acknowledged, that the city had several internal control-related weaknesses in its purchasing procedures.

The OIG reviewed substantial documentation, including but not limited to vendor invoices, city p-card transaction summary records and point-of-sale receipts, authorizations, approvals via the city's invoice register, business and professional licenses, and p-card user agreements. The OIG also interviewed several of the city's current and former employees, as well as the owners of J & R and its subcontractor for the fencing work.

Competitive Bidding and P-cards

According to the National Institute of Governmental Purchasing (NIGP),⁴ competitive bidding is “[t]he process of inviting and obtaining bids from competing suppliers, by which an award is made to the lowest responsive bid from a responsible bidder meeting written specifications. The process provides potential bidders with a reasonable opportunity to win that contract.” NIGP, Dictionary of Procurement Terms.⁵ Florida courts have long recognized the importance of competitive bidding. Competitive bidding laws protect the public by preventing public agencies from making arbitrary and capricious awards to bidders or making awards based on personal preference. Additionally, bidders benefit because the process assures them fair consideration for their offers, and public agencies get the opportunity to purchase goods or services at the best possible price.⁶

Bid splitting is the intentional division of a purchase into two or more smaller purchases to avoid purchasing restrictions triggered by certain dollar thresholds. Many jurisdictions have prohibitions against this practice. For example, Florida law prohibits state agencies from bid splitting when they make purchases of commodities or contractual services of more than \$35,000.00.⁷ The city does not have such a prohibition in its procurement code or policies for purchases of \$20,000.00 or less.

⁴ According to its website, “NIGP’s global best practices provide definitions, context, and guidance on relevant public procurement topics. They result from collaboration by and input from content experts and are subject to public review.” NIGP, Global Best Practices, <https://www.nigp.org/home/find-procurement-resources/guidance/global-best-practices>.

⁵ <https://www.nigp.org/home/find-procurement-resources/dictionary-of-terms>.

⁶ *Marriott Corp., v. Metro. Dade County*, 383 So. 2d 662, 665 (Fla. 3d DCA 1980) (quoting *Hotel China & Glassware Co. v. Bd of Pub. Instruction*, 130 So. 2d 78, 81 (Fla. 1st DCA 1961)).

⁷ “An agency shall not divide the solicitation of commodities or contractual services so as to avoid the requirements of [competitive solicitation].” Fla. Stat. § 287.057(9). *See also* Fla. Stat. § 287.057(1).

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

According to the Government Finance Officers Association (GFOA),⁸ “The purpose of a purchasing card ... program is to provide an efficient, cost-effective method of purchasing and paying for small-dollar as well as high-volume purchases.” While there are many benefits to a p-card program, there are also risks. The GFOA stresses the need for governments to maintain appropriate controls to address those risks. Some of these controls should include written policies and procedures for internal staff; ongoing training of cardholders and supervisors; spending and transaction limits for each cardholder (both per transaction and on a monthly basis); written requests for higher spending limits; recordkeeping requirements; clear guidelines on the appropriate use of p-cards; periodic audits for card activity and retention of sales receipts and documentation of purchases; timely reconciliation by cardholders and supervisors; segregation of duties for payment approvals, accounting, and reconciliations; and regular review of spending per vendor and merchant category codes.

The City’s Purchasing Process and Purchasing Card (P-Card) Program

The city’s code required purchase orders for purchases that exceeded \$3,000.00. Upon receipt of an invoice, finance department staff entered it into the city’s financial software system, BS&A.⁹ The Assistant Director of Finance reviewed the invoice in BS&A and sought approval from the requesting department director to verify receipt of the good or service. In accordance with procurement code requirements, based on the value of the purchase, finance accounting technicians scanned any necessary vendor quotes and other supporting documents into BS&A and attached them to the purchase order record. The purchasing coordinator reviewed such records for sufficiency before printing them for former Finance Director Bob Mays’s review. If he was satisfied with the purchase order and the attached support records, he initialed the hard copy and forwarded it to the city manager for final approval.

In any event, designated staff could purchase items of \$1,000.00 or less, known as open-market purchases, without obtaining quotes. The code required them to obtain three oral or written quotes for purchases over the estimated cost of \$1,000.00 but less than or equal to \$3,000.00. Purchases over the estimated cost of \$3,000.00 but less than \$20,000.00, the range for which the city manager had approval authority, required at least three written quotes. Any individual purchase valued at more than \$20,000.00 required competitive bidding and city commission approval.

The city’s procedure for purchases estimated to cost over \$1,000.00 required staff to use a quotation form and record the date, department, whether the quotes were oral or written, and whether the employee claimed the application of an exemption to the quote requirement.¹⁰ (Exhibit 1) For the

⁸ The mission of the GFOA is to promote excellence in state and local governmental financial management. It promulgates best practice guidance in furtherance of that mission for its members, over 20,000 public finance officials in federal, state, and local government in the United States and Canada. www.gfoa.org.

⁹ BS&A Software provides an integrated financial management system designed specifically for municipalities.

¹⁰ The city created and implemented the quotation form in May 2014 for departments to record and memorialize all oral and written quotes obtained by end user employees. The city provided the OIG with five versions of the form, which was last modified on January 2, 2019. In the latest version, the city created a “quotation summary form” separately from a “sole source/city standard commodities procurement.”

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

vendors contacted, the form required staff to record the vendor name, contact person, address, phone, quoted amount, and order description.

The former finance director, Mr. Mays, told the OIG that the purchasing code did not directly address splitting purchases; however, the finance department tried to educate staff on how to avoid the perception of splitting purchases. He said that the finance department identified multiple instances where vendors issued multiple invoices with the same date valued at just under \$1,000.00 each. Mr. Mays told the OIG that, if he observed this, he questioned the department's employees to determine why the vendor invoiced the items separately on the same date. He said that he was generally satisfied with the explanations the employees provided.

The city could pay for purchases by check or through a purchasing card (p-card). As the former finance director, Mr. Mays instituted the city's p-card program in 2013. SunTrust was the bank that issued the cards. According to the Assistant Director of Finance, department directors submitted requests for select employees to receive p-cards and decided the spending limits for each card.¹¹ The employees signed p-card user agreements that specified the rules for using the cards. (Exhibit 2) When the city first implemented the program, the Assistant Director of Finance gave all p-card holders an orientation on the city's p-card policies and procedures, and she and Mr. Mays also provided p-card holders with formal training at that time. The finance department provided no recurring or annual training but assisted employees whenever they had specific questions about using the p-cards.

Upon receipt of a good or service from a vendor, an end user employee could directly use his or her assigned p-card to make the purchase. The end user collected any vendor bills of lading or point of sales receipts and submitted them to the city as a confirmation of receipt. The purchase went through the approval process maintained in SunTrust's employee p-card management system. This system alerted the end user of the transaction for which he or she confirmed delivery of the good or service. Then the department director approved the purchase in the system so that the finance department could authorize payment.¹² The finance department entered the approval from the SunTrust system into the city's financial software system, BS&A, to balance the total expenditures in the accounting system and issue final payment to SunTrust. Except for his own purchases, the finance director made the final approval in the finance department.

The Relationship Between City Employees and the Owner of J & R

This investigation identified a relationship between Mr. Archacki (the city's EMU director) and the Owner of J & R, beyond their association through city business.

During an interview with the OIG, Mr. Archacki said he did not know the Owner of J & R until he started bringing work to him when the city's previous vehicle repair vendor's business closed. Since then, the two have developed a "professional relationship." He also said that the Owner of J & R

¹¹ The p-card limits generally ranged from \$500.00 to \$3,000.00 per month. There were no other limits, such as daily, transactional, or per vendor restrictions.

¹² The finance department approved directors' purchases.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

purchased a weekend home a couple of years ago in Lake Wales, Florida, on the same street as Mr. Archacki's brother and, thus, Mr. Archacki began occasionally socializing with the Owner of J & R on the weekends because they have similar interests.

However, according to the Owner of J & R, he met Mr. Archacki more than twenty years ago through mutual friends. The Owner of J & R said that he met Mr. Archacki's older brother and Mr. Archacki's brother-in-law¹³ through a mutual friend and has remained friends with the two for approximately 20 years. The three of them are still good friends and socialize often in Lake Wales, Florida, where they have neighboring properties. Mr. Archacki socialized with the group when he visited his family in Lake Wales. The Owner of J & R grew up in the North Andrews Gardens section of Oakland Park and was close friends with T.B., a former EMU employee who now works for Oakland Park,¹⁴ and he had also known another EMU employee, J.P., personally for many years.

When we asked Mr. Archacki how he knew the rates that J & R charged the city were fair, he said that he relied on T.B., to tell him, describing T.B. as an experienced automotive person with a lot of personal mechanical experience as a "hobby mechanic."

Additionally, the OIG discovered a quit claim deed from the Polk County Property Appraiser's Office that showed that, on February 23, 2009, a group including Mr. Archacki and the Owner of J & R purchased a parcel of real property together. (Exhibit 3) Both men confirmed their ownership of the property. According to them, Mr. Archacki's brother assembled the real estate ownership group and managed the purchase of the property, which also included Mr. Archacki's brother-in-law (the city's former fire marshal), and two other individuals. Mr. Archacki was aware that his brother and brother-in-law were involved in the property purchase but claimed he was not sure of the identities of all the other parties listed on the deed until the OIG showed him the document.

J.P. reported to Mr. Archacki and was responsible for the day-to-day operations in the street, water, and recycling sections of the utility's division within EMU. He was also responsible for some purchases within his department and was involved in one of the purchases described below, as he failed to obtain quotes for a purchase from J & R that was over \$1,000.00. J.P. also had a longstanding social relationship with the Owner of J & R. He informed the OIG that he had known the Owner of J & R for 20 to 25 years, after having met him when he worked as a bartender in Wilton Manors. J.P. also said he belonged to two limited liability corporations, which he identified, along with Mr. Archacki, Mr. Archacki's brother, and Mr. Archacki's brother-in-law. This was for the purpose of protecting access rights to land. Finally, J.P. also admitted to knowing the owner of the firm to whom the Owner of J & R subcontracted fencing work for the city, which purchase is also discussed below.

Mr. Mays told the OIG that it upset him to learn that Mr. Archacki and the Owner of J & R were Facebook friends. He felt he may have been taken advantage of, as he told everyone in the city to avoid personal relationships with vendors.

¹³ Mr. Archacki's brother-in-law is the former fire marshal for Wilton Manors. He retired in May 2013 and now works for Broward County as a fire inspector at the airport.

¹⁴ T.B. was a utilities technician III in Wilton Manors' EMU department who retired in April 2018.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

Given these relationships, the OIG finds it even more troubling that city employees failed to follow the procurement code, as the code is there to protect taxpayers from public agencies awarding work to vendors arbitrarily and capriciously, by personal preference, or in deference to their superiors. The appearance alone can erode the public’s trust in the procurement process.

Procurement Code Violations in the Procurement of J & R’s Services

The city paid for 189 J & R invoices dated April 15, 2013, to September 5, 2017, at a total cost of \$81,376.57, in fiscal years 2014 through 2017, as follows:

**OIG Table 1: Total Payments to J & R in Fiscal Years 2014 through 2017
For Invoices Dated April 15, 2013 – September 5, 2017**

DEPARTMENT	NO. OF INVOICES	INVOICED & PAID
EMU	88	\$44,323.32
Leisure services	88	\$32,663.25
Community development services	13	\$4,390.00
TOTAL	189	\$81,376.57

The city’s EMU, leisure services, and community development services departments’ directors, that is, Mr. Archacki, the Leisure Services Director, and the Community Development Director, had final approval for their respective departments’ purchases. When the directors approved the purchases, the Assistant Director of Finance and Mr. Mays, as the finance director, reviewed the purchase statements, the back-up documents, and the directors’ approvals.

In response to an OIG letter of request, the city reported that it had no record of oral or written quotes to support transactions executed with J & R and no record of any purchase requisitions or purchase justifications associated with p-card transactions paid to J & R. (Composite Exhibit 4)

While reviewing J & R transactions, the OIG determined that, for at least four purchases, staff and management failed to obtain required quotes, failed to document and record required quotes, and failed to document any justification for not obtaining quotes. In at least one instance, they also failed to initiate a written purchase order. As the city’s code mandated that the finance director or designee keep a record of all open market orders and the bids submitted in competition thereon and that such records were open to public inspection, we concluded that city staff and management either did not obtain any quotes or did not keep any record of the quotes. For purchases of over \$1,000.00, this violated the city code.¹⁵

The OIG also found evidence that city staff split purchases to avoid the quote requirements. The OIG finds it troubling that employees split purchases and failed to obtain quotes when giving work to J &

¹⁵ The p-card policies and procedures manual also cited the requirements to obtain quotes for purchases exceeding \$1,000.00 and to use purchase orders for purchases exceeding \$3,000.00. (Exhibit 5)

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

R, especially given the relationships described above. The appearance itself of awarding jobs to vendors arbitrarily and capriciously or based on personal preference erodes public trust in government, and the OIG is concerned that is what these violations have done.

Below are four occasions when the code required competitive vendor quotes for J & R purchases.

1. EMU Department

a. Dashboard Purchase

One EMU department dump truck repair was subdivided or split into separate purchases. The OIG found two separate invoices for the same 1999 Sterling Acterra ML8500 series tilt dump truck. Invoice 14315 was for a new dashboard in the amount of \$3,761.00. (Exhibit 6) Mr. Archacki paid for this invoice, dated May 20, 2015, with his assigned p-card on that date. (Exhibit 7) Invoice 14326 was for the removal and replacement of that same dashboard, one day later, in the amount of \$1,200.00. (Exhibit 8) On May 21, 2015, J.S., who reported to the utilities supervisor and Mr. Archacki, paid for this invoice with his p-card to satisfy the balance. (Exhibit 9) The total amount for both purchases was \$4,961.00. After being reminded of the invoice details, J.S. told the OIG that quotes were necessary because the cost was greater than \$1,000.00, but he did not obtain three quotes as required. He also did not request a purchase order.

J.S. told the OIG that he was never told to divide a purchase but that Mr. Archacki told him to “go ahead and purchase the dashboard” and then go to the shop to pick up the dump truck and pay the balance. However, the receipt from the first transaction showed that it was Mr. Archacki who made the initial payment for the dashboard. (Exhibit 7)

According to Mr. Archacki, the purchase may have been intentionally split so that he could expedite the repair. Similarly, the Owner of J & R told the OIG that Mr. Archacki told him to split the purchase “to get the truck done right away.”

Mr. Archacki also admitted that both transactions required him to obtain quotes, which he did not obtain. He also failed to create a purchase order for the \$3,761.00 purchase.

Regardless of whether the EMU department processed the two invoices individually or as one combined, larger purchase, by code, it should have created a purchase order for a purchase greater than \$3,000.00, and it should have obtained at least three oral or written quotes for both purchases greater than \$1,000.00 but less than \$3,000.00, and at least three written quotes for purchases greater than \$3,000.00 but less than \$20,000.00. By the city’s established process, it should have documented the quotes on the city’s quotation form.

The city had no record of the required quotation form, any quotes, or any purchase order for this purchase.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

b. Transmission Purchase

J.P. was the utilities supervisor for the EMU department who reported directly to Mr. Archacki. They were friends from high school. He also knew the Owner of J & R for many years. The OIG found that J.P. failed to obtain and document at least three competitive oral or written quotes for invoice 14513, dated July 22, 2015. (Exhibit 10) This J & R invoice, in the amount of \$2,091.20, was for the removal of an old transmission and its replacement with a rebuilt automatic transmission on a city-owned 2009 Ford F150 truck.

J.P. did not remember obtaining any vendor quotes for the transmission work, although he admitted that he should have, since the purchase exceeded \$1,000.00. He did not remember getting the transmission repaired on the truck at all. If he obtained the required three oral or written quotes, he also had to complete the city's internal quotation form. He thought he would have obtained quotes for it since the purchase price was over \$2,000.00. Neither Mr. Archacki nor anyone from the finance department asked him to provide the quotes. He was not sure about this specific purchase, but he claimed that Mr. Archacki had told him in the past that it was not necessary to obtain quotes for purchases over \$1,000.00.

The city had no record of the required quotation form or any quotes for this purchase.

c. Oil Change and RAM Purchase

The OIG identified another EMU department purchase that appeared to be split and for which there were no quotes.

On August 2, 2016, J.S., who was also involved in the split dashboard purchase described above, paid two J & R invoices with his p-card for a total of \$1,280.00. One invoice, number 15570 and dated August 2, 2016, was for "R&R HYDRO LINE & OIL LUBE FILTER," "OIL 15/40," "OIL FILTER," and "HYDR LINE" for a 2001 New Holand backhoe, truck number 202 with 2,832 miles, in the amount of \$432.00. (Exhibit 11) The other invoice, number 15571 but dated July 20, 2016—that is, dated prior to invoice 15570—was for "R&R RIGHT RAM LEG & PIN," "REBUILD RAM," "RIGHT SIDE RAM LEG RESEAL KIT," AND "HYDR FLUID," also for truck number 202 with 2,832 miles, but in the amount of \$848.00. (Exhibit 12) J.S. used his p-card to pay J & R \$432.00 for the first invoice on August 2, 2016, at 4:38 p.m. (Exhibit 13) Then he used the same p-card to pay J & R \$848.00 for the second invoice on the same date, but one minute later, at 4:39 p.m. (Exhibit 14)

J.S. advised the OIG that it was possible that he split the invoices on his own, but he did not recall. He admitted that he was required to get three quotes for a purchase of \$1,280.00, but he did not obtain them, and nobody ever questioned him about the purchases.

Mr. Archacki said he did not know why J.S. paid the two invoices at the same time despite J & R issuing separate invoices on different dates. He said he suspected the backhoe was at J & R for service when the shop identified another repair. In his interview, he rhetorically

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

asked, “How do you move that backhoe around from place to place to place to get that quote?” Mr. Archacki told the OIG that moving the broken-down equipment would be very hard to do.

Had the invoices not been split into two separate invoices, the total amount would have been over \$1,000.00, requiring three competitive oral or written quotes by code and requiring the city’s quotation form by city process.

The city had no record of the required quotation form or any quotes for this purchase.

2. Leisure Services Department

a. Fence Construction Purchase

The OIG identified that the city paid J & R, a motor vehicle repair shop, for the repair and installation of park fences on two occasions. The leisure services department made both purchases. The first was on invoice number 0100 for \$985.00, dated September 22, 2014, to repair a fence at Island City Park Preserve.¹⁶ (Exhibit 15) The second purchase was on invoice 0101 for \$2,815.00, dated October 8, 2014, to build and install an entrance gate at Richardson Park. (Exhibit 16) The OIG noted the layout and format of the two invoices used to bill the city were different from other invoices that J & R issued. (Exhibits 6, 15, and 16)

E.S. was the individual who made those purchases and was the first level of approval on invoices 0100 and 0101. At the time, he was an independently contracted superintendent of leisure services. Because invoice 0101 exceeded \$1,000.00, the city code required at least three competitive oral or written quotes. According to Mr. Mays, the city required its employees to use its quotation form when obtaining quotes. That form required employees to obtain three quotes and record each vendor’s name, contact person, address, telephone number, quoted amount, order description, and whether the quote was obtained orally or in writing.

E.S. told the OIG that he submitted quotes to the finance department for purchases that exceeded \$1,000.00. He said that, if he obtained oral quotes, he wrote the price, name of the company, company’s phone number, and company’s contact person on the invoice instead of attaching a separate piece of paper to the invoice.

However, invoice 0101 did not contain all this information. The only notes handwritten on the invoice relating to any prices were simply, “Tropic Fence \$4,370.00” and “Quivican Fence \$3,500.00.” (Exhibit 16) E.S. confirmed that he wrote those notations. But he neglected to obtain or record a quote from J & R, which would have allowed the city to hold J & R

¹⁶ The Library Division Director gave the department approval for invoice 0100 on the Leisure Services Director’s behalf. It was unclear to the Leisure Services Director why the Library Division Director needed to approve that purchase. Although the Library Division Director was authorized to approve purchases in his absence, it did not appear that the purchase needed immediate action. The Library Division Director told the OIG that he approved the purchase, which was for fence repair by a motor vehicle repair shop, without reviewing it, in deference to E.S. The OIG noted that the Leisure Services Director approved nearly all the 90 leisure services department purchases from J & R that the finance department processed, with the Library Division Director approving five.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

accountable to its bid. As it was, we were unable to determine whether J & R promised any price or, if it did, whether it kept its promise. Moreover, without any detail of the description of work sought from each vendor, it was not possible to discern whether the handwritten quotes were for the same scope of work. Nonetheless, the Leisure Services Director approved invoice 0101, and the finance department processed it for payment.

The OIG interviewed the Leisure Services Director about these invoices. While he could not recall the circumstances of either purchase, he told us that he depended on skilled employees to make responsible decisions and use good judgment. He said that a supervisor reviewed and oversaw the transactions as another layer of control in monitoring the p-card users and that he served as the final check in the system, along with the finance department, that looked to make sure everything the department provided was adequate.¹⁷ He was not aware that any purchases by leisure services were ever out of the ordinary.

The OIG also interviewed E.S. and asked why he used a motor vehicle repair shop for fence and gate work. He stated, “It’s simple. There were five companies back then that were fixing that type of estate gate . . . To fix that, it needed to be built. And that’s the problem. [J & R] were metal builders, too. Metal builders. They build stuff from steel and they build stuff from aluminum.” The OIG asked E.S. if J & R was licensed to do that kind of building, to which he replied, “I assumed so.” He maintained he went to J & R to purchase fence repair and gate fabrication with installation because he knew they welded. He said he knew they performed those kinds of tasks because of the trailer repairs they performed for the city in the past and his observations of them welding during visits to the repair shop. He did not check if J & R was licensed or allowed to build the gates, weld, or do fence repair. He also claimed that somebody requested a permit and that an inspection was conducted for the work that J & R performed. He said he assumed both jobs, that is, on invoices 0100 and 0101, were permitted because they were both inspected.

Notwithstanding E.S.’s insistence that J & R could do metal work, the OIG determined that J & R did not actually perform the work at Richardson Park; rather, it outsourced the work to another vendor. And E.S. knew it.

In the Owner of J & R’s interview with the OIG, he explained that, at one point, E.S. asked him if he knew anything about fence work. He told E.S. he knew a licensed fence person who could easily perform what he needed. He sent the Subcontractor to the location to measure and assess the job, and the Subcontractor gave the Owner of J & R an estimate. The Owner of J & R called E.S. to tell him that he got the estimate and asked if he wanted to proceed with the work through J & R. E.S. agreed to the price and provided a verbal approval to proceed. After receiving notice, the Subcontractor went to the site and completed the fence work immediately. J & R was just a pass-through for the fence jobs. After reviewing the two invoices, he admitted they looked different from all other J & R invoices submitted to the city. He could

¹⁷ Neither anyone in the finance department nor the department directors whom the OIG interviewed provided any criteria, directives, or guidance on how they conducted invoice review.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

not remember what occurred, but he thought that the Subcontractor may have used J & R's business information to generate the invoice on its own system. He did not recall if he made any money on those two jobs. He also said that the city did not ask him for a permit application for the fence or gate work.

The Subcontractor confirmed that J & R served as a conduit for his company to build and install the entrance gate at Richardson Park for the city, but, contrary to the Owner of J & R, he could not recall or confirm the fence repair work associated with invoice 0100 at Island City Park Preserve. The Subcontractor confirmed that J & R paid him for the entrance gate work with two check payments of \$1,300.00 each (\$2,600.00 total) for what cost the city \$2,815.00. (Exhibit 16)

Broward County's Contractor Licensing Enforcement of the Building Code Services Division did not show that J & R or the Subcontractor held a certificate of competency for specialty contracting, as required by the Broward County Code, during the relevant time period.¹⁸

The Community Development Director, who oversaw the building department and with whose department the Leisure Services Director said leisure services coordinated for permit determinations, told the OIG she would not expect an automotive repair shop to do fence work unless they held some type of license authorizing them to perform that work. The city required companies seeking to obtain a permit to be current on all their insurances, provide any necessary county documentation if a state license was not required, or present something that authorized them to perform the work being requested. If a permit was not obtained, the Community Development Director expected the department that requested the work—in this case the leisure services department—or the finance department to have gathered the appropriate proof of workers compensation and other liability insurance coverage needed to perform the fence work the city requested.

She later confirmed that no permits were issued and that the city did not possess any written justifications or determinations regarding the lack of permits.

The city did not have a record of the required quotation form or three quotes for this purchase.

For each of these purchases, the employee who made the purchase failed to obtain and record the necessary quotes as required by the purchasing code. In at least one instance, the employee failed to

¹⁸ A business may not engage in or represent that it is qualified to perform work or contract in any trade or occupation regulated by Chapter 9 of the Broward County (B.C.) Code without having a current certificate of competency or an examining board certificate of authority or a current license or certificate in accordance with Chapter 489, Florida Statutes. B.C. Code Sec. 9-4(c). The construction, assembling, erection, extension, and installation of fences are a category of special building contractors so regulated. B.C. Code Sec. 9-75(i). Businesses not exempt from certification by section 9-26 and "who engage in, or who intend or desire to engage in, any work or activity which relates to, is referred to or which is included within, the building construction trades, shall, prior to engaging in any such work or activity, obtain a certificate of competency from the board." B.C. Code Sec. 9-71(d).

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

initiate a purchase order. Yet, the department heads approved the purchases and the finance department processed them, even though code-required documentation was missing.

In an interview with the OIG, Mr. Mays admitted that it was a mistake to approve payments for purchases that did not comply with the quote and other purchasing documentation requirements. He said that the finance department should have identified the lack of required documentation and forced the departments to comply.

Again and again, in failing to obtain the necessary quotes, failing to initiate the necessary purchase order(s), and failing to maintain records of quotes, city staff and management violated the procurement code, engaging in misconduct that allowed J & R to do city business without having to compete with other vendors for the work.

Other Internal Control Issues

1. *Failure to Review Vendor Activity Reports Led to at Least One Duplicate Payment*

The OIG identified a duplicate payment made to J & R in the amount of \$129.00. Once we notified city employees, they confirmed that the payment was a duplicate and recouped the overpayment from J & R by check on March 25, 2020.

We found the overpayment upon further investigation of the city's disbursement transaction records, identifying suspected duplicate payments, and then conducting a reconciliation of the suspected payments.¹⁹ The city made payments to J & R for two separate invoices dated December 22, 2016, using the same invoice number, 15977. (Composite Exhibit 17) J.S., Mr. Archacki's subordinate involved in the two split purchases described above, paid \$223.00 for the first purchase transaction on invoice 15977 with his p-card at J & R's on January 3, 2017. (Exhibit 18) The investigation identified that the finance department paid a second version of the invoice in the amount of \$129.00 using a dedicated accounts payable p-card. The \$129.00 was part of a bundled payment which was combined with two other invoices in the total amount of \$444.00. The transaction in the amount of \$223.00 was entered in the city's BS&A financial management system as invoice number 291163989 in error. The work identified on the invoices was for an "Oil Lube Filter and ABS Sensor replacement" on the same city duty truck, number 09-206. Mr. Archacki and the finance department approved the purchases.

2. *Failure to Use or Establish City Contracts in Lieu of Using Non-Vetted Vendors*

Staff did not ask J & R to provide professional licenses or proof of insurance for anything other than motor vehicle repair. City staff, mostly within the leisure services department, commissioned J & R to work on non-motor vehicle-related goods and services in addition to motor vehicle repair.

¹⁹ The OIG identified a total of 24 invoice number inaccuracies that staff entered into the city's vendor invoice register. The report memorialized each level of the city's financial system transaction approval process. Despite numerous data entry errors, no other unreconciled duplicate payments were identified.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

Non-motor vehicle work included fabricating dump truck bed parts, building Christmas tree brackets, fabricating a trailer hitch, purchasing Rockford Jump boxes and molding material, popcorn machine repair, ice machine repair, and various other goods and services.²⁰ Using the county’s definition of “motor vehicle,” the city paid J & R \$32,224.25 for non-motor vehicle goods and services and \$49,152.32 for motor vehicle goods and services.

The OIG determined that the city does not have formal procedures in place to ensure that employees utilize established city contracts before seeking other vendors to purchase goods or services, such as a checklist or guide for staff to use as a reference to verify which goods and services are under contract with the city at any given time.

Additionally, neither the finance department nor the user departments incorporated any process to certify that vendors were legitimate businesses. The city only required vendors to submit IRS W-9 forms in order to get paid for goods or services provided. The city did not demand that vendors re-submit any documentation or certify that they were licensed prior to making subsequent purchases. Generally, staff had already executed a purchase prior to the finance department receiving notification to approve the payment, and neither the finance department nor anyone else in the city re-examined vendors that had already provided goods or services.

Mr. Mays, the former finance director, told the OIG that, “In a perfect world, you have all kinds of controls . . . One of the challenges of a small city is separation of duties. We have that in all aspects of our accounting operation, and you have to try to create a system that you think works . . . So you know, ideally, maybe we would register all vendors, have them go through a vetting process prior to, but how are you going . . . well, maybe it can be done, but our staff is gonna find it extremely challenging to find entertainers, teachers, that kind of thing, to provide the services that they provide if they have to go through this process of proving vendors ahead of time.”

The OIG notes that the dangers to the city of using vendors who are not vetted and do not have the proper or sufficient expertise, insurances, licenses, and certifications include exposure to liability for damages to the public or a third party arising from non-performance, negligence, or worse. This is especially true in the case of vendors who subcontract their work.

3. *J & R Charged Varying Rates Because There was No Contract or Citywide Standard to Reference*

The OIG found that, because there was no contract or citywide standard in place, the city allowed J & R to charge different labor rates at different times. During the review period, J & R charged labor rates of \$85.00 and \$95.00 per hour in 2013, \$100.00 per hour in 2015, and \$125.00 per hour in 2018—a 47% increase in just five years. The OIG also noted that J & R charged some work a flat rate, that is, by the job. None of the city employees we interviewed ever negotiated an hourly

²⁰ The other non-motor vehicle repair work included dump truck repairs, heavy equipment repairs, a JLG 40-foot personal lift repair, power sweeper repair, fuel trailer maintenance, generator repairs, backhoe repairs, Kubota Excavator repairs, Thomson pump repair, propane mowers repair, enclosed trailer repair, repairs to a barge trailer, and other work.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

labor rate or questioned any of J & R's charges, and none of the department directors we interviewed ever questioned staff about the charges or discussed the rates with one another.

J.S. never questioned the fees that J & R charged for any of his purchases. He did not know what the labor rates were or how J & R determined what labor rates to charge the city, even though he used his p-card to pay for its services 23 times. He did not scrutinize flat rate purchases, either. He said he assumed Mr. Archacki or someone from the finance department negotiated the rates and fees. He was told to take the vehicle to the repair shop, and that is what he did.

None of the department directors the OIG interviewed could provide the reference or metric that J & R used to determine the number of hours they charged for any given job. Mr. Archacki advised that he believed J & R was honest with his repairs and never overcharged the city. He said he based this opinion on the advice of T.B., with whom the Owner of J & R said he was close friends. When the OIG asked Mr. Archacki how his staff knew how much J & R should charge the city, he said he did not know. The Leisure Services Director deferred to his subordinate staff to determine the legitimacy of the charges. Neither director instructed his employees what J & R should charge.

The dramatic increase in labor rates that J & R charged the city is particularly disturbing, though not surprising, in light of the fact that the city was unable to document obtaining any competitive quotes prior to awarding work to J & R for many years, if ever. Former Finance Director Mays stated, "The bottom line is we don't have a contract with them . . . so there is no published rate, no agreed upon rate." As such, there was no established citywide standard or table in place for the employees to reference or confirm that rates or hours charged per job were correct. Mr. Mays concurred that there appeared to be little or no control over the maximum labor rate authorized for J & R. He stated, "I'm with you on that. I don't know. I see the problem there . . . Well, I'm worried now, too, because I see that . . . The responsibility [to verify rates] would be shared by the department director and by the finance department. [Finance staff] certainly have some responsibility there, too."

As of 2016 the city had a contract for maintenance and repair for its police department vehicle fleet with G&S Performance Auto Repairs (G&S), but Mr. Mays told the OIG that city departments did not want to be part of that solicitation because some directors felt that, since public safety always came first, the repair facility would always move their vehicles to the bottom of the priority list in favor of police vehicles. He thought the departments had a good argument; therefore, the finance department did not include all departments in the city-wide vehicle maintenance contract.

As a result of the OIG investigation, in August of 2019, the city issued a solicitation for a qualified bidder to provide preventive maintenance, service, and repair of its non-police vehicles and certain mechanical equipment. The city's published objective was to reduce fleet downtime and cost while increasing reliability and protecting the city's overall investment in its fleet equipment. On December 10, 2019, the commission passed and adopted the contract. (Exhibit 19) Despite the vehicle priority concern that Mr. Mays identified to the OIG, the city awarded the contract to

Marlou, Inc., a Florida Corporation doing business as G&S Performance Auto Repairs, the same company to which the city had awarded the police vehicle fleet maintenance contract in 2016.²¹

According to the Owner of J & R, Mr. Archacki told him about the solicitation for citywide vehicle and equipment maintenance services and suggested that he prepare a proposal and submit it to the city. He also said that Mr. Archacki went to J & R's location to tell him that the city awarded the contract to another vendor and told him about G&S's proposed hourly rate of \$80.00 per hour compared to J & R's \$125.00.

The OIG notes that the solicitation contained various categories on which vendors could bid. Notably, G&S bid and the city awarded an hourly labor rate that was 56.25% lower than J & R's bid. (Exhibit 19)

4. Staff Training Was Inadequate

The OIG found that the city's procurement training was inadequate. When the city started the p-card program in 2013, Mr. Mays and the Assistant Director of Finance provided training to all p-card holders. The employees each signed a p-card user agreement that specified rules and expectations for using the cards. Although the finance department assisted employees who had specific questions about using the p-cards, the city did not provide any recurring training.

Furthermore, the finance department did not provide its employees with guidelines or templates for reviewing vendor invoices to ensure that vendors provided information that properly represented the goods or services the city received. Mr. Mays said that finance employees were far more astute at reviewing invoices to ensure that the detail provided was accurate and complete. If finance department staff identified an invoice that they thought was incomplete or unusual, they just met with employees as needed to discuss invoice and vendor requirements. Mr. Mays identified leisure services as the primary department that used small vendors and performers that were not familiar with typical business practices.

Following discussions with the OIG, the finance department provided procurement training to selected employees in an effort to refocus them on the city's purchasing policies, procedures, and expectations. Mr. Mays and the Assistant Director of Finance led three trainings for department employees involved in purchasing that addressed several concerns that the OIG had raised in interviews with city employees. In addition to other content, the training specifically addressed avoiding personal relationships that can be construed as conflicts of interest or raise the question of impropriety; maintaining independence and impartiality in business relationships with outside contractors and representatives, both in appearance and in fact; and splitting purchases to avoid procurement process requirements.

²¹ J & R also submitted a proposal to the 2019 solicitation.

The City's Corrective Actions

After our investigation uncovered staff's failure to obtain quotes from J & R or issue necessary purchase orders, staff's ad hoc procurement of services from J & R, a department director's social relationship with the Owner of J & R, and the lack of adequate staff training on procurement, the city took some corrective actions. As a result of the OIG investigation, the city issued a solicitation and secured a contract for citywide repair services for non-police vehicles and certain mechanical equipment with another vendor that had an existing contract to service only police vehicles. In addition, the finance department held several procurement training sessions that addressed issues that arose during the investigation.

INTERVIEW SUMMARIES

As a part of the investigation, OIG Special Agents conducted several interviews. The statements made in the significant interviews are summarized below.

1. Interview of David Archacki

Mr. Archacki started with the city in June 1985 as a water and sewer worker. He progressed to become the city's EMU director 15 years ago. After twelve years as the EMU director, he retired for a month and returned as the EMU director for the city. He managed eight employees and reported directly to the city manager. He issued the final approval for all EMU purchases.

During his tenure, he did not receive much training on the city's policies and procedures for the procurement of goods and services. In the last four or five years, Mr. Mays increased the finance and procurement related training and introduced changes to the city's procurement policies. Mr. Archacki was not sure exactly when the changes to the procurement policy occurred, but he remembered that the purchase value threshold requirements changed as a result.

Directors had to obtain a minimum of three written quotes from vendors for all purchases valued greater than \$3,000.00, and those purchases required a purchase order for payment. Employees had to obtain a minimum of three verbal quotes for purchases valued less than \$3,000.00. Finance required the verbal quotes to be recorded on a quotation form that Mr. Mays created. The quotation form identified the vendor, the vendor contact information, and the name of the city employee that spoke to the vendor. Purchases that cost less than \$1,000.00 did not require quotes.

As the finance director, Mr. Mays initiated the p-card program in 2013. Mr. Mays and the Assistant Director of Finance trained everyone in the city to use the p-cards when the program started and provided a procedural update training. Finance recently added a new step to the p-card process that included the use of a stamp for a witness to the purchase of the good or service.

When his employees made a purchase, the invoice either came to his office or finance sent it to him electronically. His administrative assistant scanned any hard copy invoices that went directly to EMU into BS&A and forwarded the record to finance for processing.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

All purchases were entered into BS&A, which automatically alerted him that he needed to log in and approve the purchase so that finance could pay the vendor. Designated employees collected and submitted the required vendor quotes, the required city forms, and point-of-sale receipts or packing slips to accurately memorialize the goods and services they received. In the end, Mr. Archacki approved all the purchases, purchase orders, and p-card transactions his division made during the month. He never identified an inappropriate purchase that his employees made.

Mr. Archacki did not check anything to verify if the city had an existing contract with a vendor before making a purchase. The city did not have a list or table of vendors they were required to use, but he attempted to utilize vendors from the Broward Cooperative since Wilton Manors was a participating member.

The city did not require him to vet new vendors before he made a purchase, but finance required him to obtain an IRS Form W-9 prior to issuing a payment. As a department director, he did not certify that any vendors were valid companies registered with the State of Florida's Department of Corporations, check their insurance coverage, or verify their licenses.

The department was required to obtain three quotes to justify purchases of more than \$1,000.00. Getting prices was the same as justifying the need for a purchase. "Yes . . . there's a difference between work and a purchase in my book. You know if you have a piece of equipment or something broke down, you can't get prices on that, it's broke down, it's getting towed in, and it needs repair. You can't have it towed shop to shop to shop to have it repaired . . . if you make a [goods] purchase, it's a little different, because [it's] different, you can shop it online and you can go to different vendors."

The city assigned Mr. Archacki a p-card. The rules included in the p-card policies and procedures manual were no different from the city's ordinances that govern how staff made purchases. He authorized his department's purchases in SunTrust's p-card management system. At the end of each month, he reviewed a hard copy of the p-card purchases with the receipts attached, approved them, and submitted them to finance for payment.

He never called the contacts listed on the quotes to verify if the information was accurate or legitimate. If it was an unusual vendor or one he did not recognize, he may have further investigated by asking the employee or looking up the address on the invoice. Finance did not provide him with a specific process, steps, or checklist to follow when reviewing invoices. Mr. Archacki and his employees tried to use their assigned p-cards to make purchases at the point of sale. Sometimes, the vendor's credit card machine malfunctioned, so the vendor put it on the account and provided an invoice for the city to process.

EMU managed a fleet of approximately eight trucks, two backhoes, a dump truck, and several generators. The city's contract for preventive fleet maintenance and repair of police vehicles did not include the EMU fleet. Mr. Archacki did not want to be a part of that contract since the police vehicles would always be considered a priority over his vehicles and equipment.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

When the previous vehicle repair provider sold their business name and phone number to a repair shop located in the city of Oakland Park, he saw the city's vehicles in J & R's parking lot. He called the city of Oakland Park to see who they were using. An Oakland Park employee told him they did their own repairs, but J & R did their overflow repairs.

Mr. Archacki did not know the Owner of J & R until he started bringing work to him when the previous repair vendor closed. Since then, the two have developed a "professional relationship." However, the Owner of J & R purchased a weekend home a couple of years ago in Lake Wales, Florida on the same street as Mr. Archacki's brother. As such, Mr. Archacki began occasionally socializing with the Owner of J & R a few weekends a year because they have similar interests.

He was not sure if J & R's certifications, licenses, and insurance covered heavy equipment repairs, but EMU brought their backhoes and dump truck there for repair, anyway. They brought their generators, vehicles, trailers, and anything else they needed to be repaired there for service, also.

Mr. Archacki did not know if J & R was certified to do all the types of jobs that the city requested. J & R did a lot of work for the city and "was a go to person" and "was honest on the repairs." He thought the Owner of J & R was a reliable, trustworthy vendor that did not run up the costs and provided a good quality service to the city.

J & R invoices numbered 14315 and 14326²² were for the purchase, removal, and replacement of a dashboard in a 1999 Sterling Acterra dump truck, for a total cost of \$4,961.00. He did not know why the work was split onto two different invoices. Both purchases required him to obtain three quotes, since both were greater than \$1,000.00. He did not obtain the three quotes. The purchases may have been intentionally split to get the job done quickly. EMU only had one dump truck, so he may have considered it an emergency repair. He did not have a purchase order executed for the \$3,761.00 purchase as required by the ordinance, either.

J.S. paid invoices 15570 and 15571²³ using his assigned p-card card on August 2, 2016. He did not know why the two invoices were paid together despite being invoiced separately, but he suspected the backhoe was at J & R for service when the shop identified another repair need. Based on his experience, J.S. knew the price was reasonable by looking at the total amount charged. Mr. Archacki could not tell if the purchases were split on purpose or not. It would be hard to combine the repairs in advance to obtain quotes for repairs like those described, despite their combined value exceeding \$1,000.00. Additionally, he asked, "How do you move that backhoe around from place to place to place to get that quote?" Moving the broken-down equipment would be very hard to do.

J & R used to complete repair authorization forms that identified the work the vehicle needed; however, J & R did not keep those forms. They simply invoiced the work. As a result of the

²² Invoice number 14315 was for \$3,761.00 (Exhibit 6), and invoice 14326 was for \$1,200.00 (Exhibit 8).

²³ Invoice 15570 was for \$432.00 (Exhibit 11), and invoice 15571 was for \$848.00 (Exhibit 12). These were for repairs on a 2001 New Holland backhoe for a total cost of \$1,280.00.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

OIG's inquiry, finance instructed staff to accurately complete the form and retain a copy to submit as justification for the work along with the invoices for processing.

Since the city did not have a contract with J & R, the OIG asked Mr. Archacki how he and his staff knew that J & R was charging the correct hourly rates and quantity of labor hours. Mr. Archacki depended on T.B., his former technician II, to determine if the rates were reasonable and if the invoices were correct. T.B. was an experienced automotive person with a lot of personal mechanical experience as a "hobby mechanic." He retired from the city approximately two years ago. EMU no longer evaluated the rates or performed in-depth analysis of the vendor's pricing because of their past experiences with J & R and the "honesty they received from this vendor."

The hourly rate for repairing larger equipment was usually more. He did not know how his staff was supposed to know how much they were supposed to be charged. They received quotes over the phone from the vendor prior to authorizing them to perform the work. He never said no to a repair unless the purchase was valued at more than \$1,000.00, which would have required him to create a purchase order or an after-the-fact emergency purchase order. He knew what reasonable repair costs should be because of his personal vehicle maintenance, as well as the repair and maintenance costs under the previous repair vendor.

Mr. Archacki never negotiated hourly rates in the past, but the Owner of J & R would periodically inform him that he was raising the rates due to various operational cost increases. Mr. Archacki never discussed the hourly rates or cost increases with the other city directors or employees. He believed J & R was honest with his repairs and never overcharged his department. Mr. Mays came to Mr. Archacki to discuss cleaning up the process by putting the item out for a competitive public solicitation. He said, "I see exactly where you're coming from . . . we're going to be making that change by holding someone to a contract."

Mr. Archacki owns a one-sixth share of a property in Lake Wales. He did not know the Owner of J & R was part of the ownership group created to buy the property. The OIG showed Mr. Archacki a copy of a Quit Claim Deed for the property in Lake Wales. The deed identified himself, his brother, his brother-in-law, the Owner of J & R, and others as the purchaser. After looking at the copy, he confirmed it was the property he previously identified, and that the Owner of J & R was indeed a partner in the property ownership. Mr. Archacki knew his brother and brother-in-law were on the deed. He signed the required documents and paid a nominal fee to his brother to participate in the ownership, but his brother put the ownership group together, so he was not certain of all the identities involved in buying the property. He only went to the location approximately four times a year with his family. The other properties that his brother and the Owner of J & R own together are not in the same area that affords this group rights to an access lease to the neighboring property.

He did not know if any of his employees were friends with the Owner of J & R. He thought T.B. and the Owner of J & R knew each other from having the same hobbies, but he did not know the extent of their personal relationship.

2. Interviews of Bob Mays

The city initially hired Mr. Mays in February 2008 as the assistant finance director. He was promoted to department director when his predecessor retired three years later. He managed a limited staff in the finance department, including the Assistant Director of Finance, a purchasing coordinator, and two part-time accounts payable technicians. He reported directly to the city manager. He was planning to retire soon.

The Assistant Director of Finance reviewed all employee p-card invoices and p-card transactions and then entered her approval into BS&A. Ultimately, Mr. Mays reviewed all hard copies of the p-card invoices and signed off on payment approval to the vendors after her. Finance did not require the user departments to submit a formal packing slip or bill of lading to accompany the invoices as a second level of verification. Finance relied on the department directors to verify the receipt of goods or services they purchased by entering an electronic approval in BS&A.

Departments initiated purchasing requests for the goods and services they sought. The departments attached scanned vendor quotes and other necessary support records to purchase requisition forms entered in BS&A based on the value of the purchase in accordance with procurement code requirements. If Mr. Mays was satisfied with the requisition form and the attached support records, he initialed the hard copy and forwarded it to the city manager for final approval.

Purchases that exceeded \$3,000.00 required purchase orders be created in the system. Designated employees could purchase items that cost less than \$1,000.00, known as open-market purchases, without obtaining quotes. For purchases valued \$1,000.00 to \$3,000.00, staff had to obtain three oral or written quotes. Finance created a quotation form that department employees must complete and submit for the oral quotes obtained from prospective vendors. In practice, purchases valued from \$3,000.00 to \$20,000.00 required written quotes because the city manager's spending authority fell at the top of that range. Any purchases valued at more than \$20,000.00 required competitive bidding and city commission approval.

The purchasing code did not directly address splitting purchases. Finance tried to educate the staff on how to avoid the perception of splitting purchases. There have been incidents when finance identified multiple invoices issued from a vendor that were dated the same for purchases valued at just under \$1,000.00 each. If he observed that, he questioned the employees to determine why the items were invoiced separately on the same date. The employees generally provided him with an acceptable explanation.

When they started the p-card program, all card holders participated in formal training provided by himself and the Assistant Director of Finance. The training consisted of p-card use, requisitions, and other purchasing essentials. The employees signed a p-card user agreement that specified the rules for using the cards. Finance provided no recurring or annual training. Finance assisted employees whenever they had specific questions about using the p-cards.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

Training was usually a more informal “one-on-one or one-on-two” training approach with employees and departments, because the city was relatively small. Mr. Mays never scheduled annual purchasing training for city administrators or employees during his tenure. Finance conducted training on an as-needed basis to familiarize employees with the city’s policies and procedures. Generally, department peers aid the newly hired or re-assigned employees with learning the processes and utilizing the BS&A software.

Upon receipt of an invoice, an accounts payable technician entered it into BS&A. Accounts payable sent an email notification to the using director, which prompted them to go into the system and approve the invoice. Sometimes there were two levels of approval, by a supervisor and a director at the department level. Typically, following the user department’s authorization, the Assistant Director of Finance approved the payments in BS&A. Mr. Mays approved weekly p-card payments.

The city maintained a vendor table in BS&A. Finance only updated the vendor table by adding new vendors. The city required vendors to complete a W-9 form if they exceeded the IRS threshold requirement to receive payments. Sometimes small, mom-and-pop businesses warranted finance to review Sunbiz.org or even Google Maps to determine the validity of their business addresses. That review did not involve certifying the company’s licensing or insurance.

The city did not have a formal process for registering a vendor, other than requiring the vendor to complete a W-9 before the city issued them payment. There is no standard form for a vendor to complete in order to become active in the city’s vendor table. “You have to allow your staff to take care of business.” For small dollar invoices, he did not recommend requiring staff to go through a specific process to certify vendors in advance. Finance also added p-card vendors to the vendor table, but often it occurred after the city already purchased goods or services.

Finance did not have a formal, standard process to certify vendors as legitimate businesses. Mr. Mays acknowledged that doing business with vendors without verification poses an inherent risk and potential liability that could affect the employees and taxpayers, but he noted everything involved some level of risk.

The city did not have formal procedures in place to ensure that employees utilized established city contracts before seeking other vendors to purchase goods or services, but he believed that the department directors were aware of which contracts were in place because they administered them on a daily basis. As such, the directors instructed staff to use those vendors accordingly. The city did not have a checklist or guide for staff to use as a reference to verify which goods and services were under contract with the city at any given time. However, the staff had a general awareness of what contracts existed.

The city had an active contract for the repair of police vehicles from G&S Performance Auto Repairs, which was the result of an RFP²⁴ conducted a few years ago. At the time, the other

²⁴ An RFP is a request for proposals.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

departments did not want to be part of the solicitation because some directors felt their vehicles would always be moved to the bottom of the priority list because the police vehicles and public safety always came first. Mr. Mays thought the departments had a good argument; therefore, finance did not include all departments in the vehicle maintenance contract.

Leisure services, EMU, and the fire marshal²⁵ were the departments that utilized J & R. Along with his direct line employees, the EMU director used his p-card to pay J & R for services. In leisure services, the director never used his p-card to pay J & R. When the directors used their p-cards, Mr. Mays and the Assistant Director of Finance approved the purchases. Leisure services had a multi-level approval that included supervisors, the assistant director, and the director prior to submitting invoices to finance for authorization. Other departments only required a director's approval before it went to finance.

Finance did not formally provide employees with guidelines or templates for reviewing vendor invoices to ensure that the document accurately represented the goods or services they were provided. Finance employees are far more astute at reviewing invoices to ensure that the detail provided is accurate and complete. Finance does not specify or provide employees a template showing what must be included on an invoice. They just meet with the employee, as needed, on a personal level to discuss invoice and vendor requirements. "In a perfect world, you have all kinds of controls One of the challenges of a small city is separation of duties . . . ideally maybe we would register all vendors, have them go through a vetting process prior to, but how are you going . . . well maybe it can be done, but our staff is gonna find it extremely challenging to find entertainers, teachers, that kind of thing, to provide the services that they provide if they have to go through this process of proving vendors ahead of time."

[The OIG used the invoice register report to demonstrate that vendor's invoice number 15977 was utilized twice by J & R to charge the city.] He would investigate those invoices and report back to the OIG.²⁶

He acknowledged that he did not have any documents to verify that J & R was licensed for all the types of work and products they provided to the city. He did not know if J & R was permitted or licensed to work on heavy equipment, mowers, or other miscellaneous types of equipment, as detailed on the invoices, under their Motor Vehicle Repair Shop Registration.

Regarding the increase in J & R's rates: "The bottom line is we don't have a contract with them... so there is no published rate, no agreed upon rate." There was no established citywide standard or table in place for the employees to reference or certify that the rates or hours charged per job were correct. He did not know, when employees made p-card purchases, what

²⁵ The fire marshal was within the community development services department.

²⁶ The invoices were for \$129.00 and \$223.00, and both were for an oil change and an ABS sensor replacement. The \$129.00 invoice was combined with other invoices totaling \$444.00 and was paid with the AP p-card, while J.S. paid the invoice for \$223.00 with his p-card. The invoices were not flagged as duplicates because they were identified in the system as invoices 15977 and 291163989, respectively. The Assistant Director of Finance provided the follow up to Mr. Mays's interview.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

prevented the vendor from increasing the rates to \$500.00 per hour or \$1,000.00 per hour. He saw that “the responsibility [to verify rates] would be shared by the department director and by finance. We certainly have some responsibility there, too.”

The reason why the city utilized J & R for repairing heavy equipment, JLG lifts, golf carts, a popcorn machine, an ice machine, a gate and fence, a barge, the fabricating of Christmas tree brackets, buying supplies like molding, and other non-motor vehicle work, Mr. Mays surmised, was because the city’s staff members had been using J & R throughout the years and witnessed the different types of work they performed while visiting their business location. As a result, the employees decided to use them for a wide array of projects and miscellaneous purchases. He questioned staff regarding the use of J & R to repair a gate at Richardson Park, and staff told him that J & R provided good welding services. He did not know that J & R subcontracted the gate and fence work to another company. He believed the Assistant Director of Finance may have brought him the fence or gate repair invoices to review. He also noted that the invoice for the gate and fence work was not on the company’s standard invoice template.

Mr. Mays confirmed that the city did not possess any justifications or requisition-type support documents related to J & R purchases. The departments told him that J & R provided repair authorization documents to the city, but the departments did not preserve them. Since receiving the OIG’s record request,²⁷ the city now requires J & R to provide the repair authorization document to staff so that it can be attached to the invoice.

The departments were responsible for obtaining quotes and providing them to finance. When quotes were provided to finance, they were scanned into BS&A with the invoices. These records were not available for the purchases from J & R. When the purchases were made, finance should have made sure that the departments obtained the quotes in accordance with the code. Mr. Mays was the final stop point for issuing payments to the vendor. He was responsible for making sure the departments provided the required quotes and the quotation forms. It was a mistake to approve payments for purchases that did not comply with the quote and other purchasing documentation requirements.

Finance should have identified the lack of required documentation and forced the departments to comply. He remembered many occasions when he heard the accounts payable clerks on the telephone speaking with the department employees trying to get them to comply and send in quotes to attach to the invoice. It happened nearly every day.

After meeting with the OIG, Mr. Mays learned that Mr. Archacki and the Owner of J & R were Facebook friends. This upset him because he felt maybe he had been taken advantage of, as he told everyone in the city to avoid personal relationships with vendors. He did not think that the parties involved did anything with malicious intent. Bypassing the processes may have been more about them taking a shortcut than doing something improper.

²⁷ The city received the OIG’s request on October 30, 2018.

He looked at this whole exercise as a way to improve the city's processes. By looking at the documents the OIG requested and compiling numerous tables, he had already made improvements to their internal procedures. He acknowledged that the review helped finance ask the staff questions in a way they may not have considered before.

3. Interview of J.P.

J.P. began working for the city as a part-time public works serviceman in May 1991. He became full-time in 1993 and became the utilities supervisor for the department in October 1998. He reported directly to Mr. Archacki.

J.P. was responsible for day-to-day operations in the street, water, and recycling sections of the utility's division within EMU. He was also responsible for purchasing some goods and services within his department. Mr. Archacki and another former employee did most of the purchases. J.P. was not trained regarding purchasing policies and procedures until a year or two ago, around 2018 to 2019, when Mr. Mays and the Assistant Director of Finance provided classes for the city's employees. Mr. Archacki pulled in all his employees who were involved in purchasing to attend the formal training. J.P. did not remember a lot of the policy and purchase ordinance details shared during the training but recalled items with a purchase value greater than \$1,000.00 had to get vendor quotes and anything over \$20,000.00 had to go before the commission. The EMU office managers reviewed the pending purchases with him to make sure he was doing things correctly. He had not received any additional training since.

J.P. did not refer to a list of the city's existing contracts to determine if a vendor was already selected to provide the city with a good or service before making a purchase. The city appeared to be moving in the direction of soliciting and awarding contracts to vendors for the goods and services that employees needed to buy.

He did not obtain quotes from vendors in the past prior to making a purchase unless the department was making "a major purchase" valued at more than \$20,000.00, which he knew the commission had to approve in accordance with the purchasing ordinance. Since around 2018, his department began obtaining quotes for all purchases that exceeded \$1,000.00. Prior to that time, nobody obtained quotes for purchases. He followed up with his staff to make sure they were getting the necessary quotes now as well.

He was part of the Green Swamp Partnership LLC that included Mr. Archacki, the city's former fire marshal and Mr. Archacki's brother-in-law, and others, which a group of his high school friends formed many years ago to protect their access rights to a camp located in the Everglades when the State of Florida required a lease for the property. J.P. claimed that he was not involved with that arrangement for over fifteen years. Another LLC, the Tilton Hilton, was created for the same purpose. J.P. paid a couple of hundred dollars to be a part of it. Mr. Archacki's brother did all the paperwork for that LLC.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

J.P. met the Owner of J & R approximately 20 to 25 years ago when he was a bartender at a bar in Wilton Manors. They are friends but not close friends. J.P. did not “hang out” with him. He also met [the Subcontractor] while working at the bar as well but never hung out with him, either.

J.P. was familiar with the city’s p-card manual and user agreement. He signed the user agreement when he was assigned his p-card around 2013, when the city first implemented the program. The EMU office managers reviewed his purchases and corresponding support documentation, and then Mr. Archacki issued a final department head approval in the financial system. J.P. was not familiar with the city’s purchasing code.

Nobody provided J.P. with formal training regarding the use of a city issued p-card. There may have been some literature handed out by finance when he received the p-card that addressed staying within the purchasing limits. Neither Mr. Archacki nor finance ever questioned any of J.P.’s purchases.

He did not conduct a background check to see if the vendors he used had the appropriate licenses, state corporate registration, insurance, or other required certifications to perform the types of services they were being asked to provide to the city. He was never required to collect an IRS Form W-9 prior to making a p-card purchase.

In the early years, following the city’s implementation of the p-card program, employees “split some purchases.” If the invoice came in valued at over \$1,000.00, he might have had the vendor split the invoice. He took it upon himself to have the invoices divided. At the time, it was acceptable by finance and everybody else. He was familiar with the policy prohibiting dividing purchases, but he was “just saying what happened.” The practice of dividing or splitting invoices that were over \$1,000.00 dated back to when there was another director of public works, long before p-cards were implemented, and the threshold value requirements were based on smaller purchases. He further stated, “It came more from [Mr. Archacki] than from me to split it but, like I said, I don’t even say it was him, it was just the way things were done for years and years.” Mr. Archacki told J.P. it was acceptable for him to divide a purchase to avoid the threshold requirements, although dividing the purchases was not a common department practice. He obtained vendor quotes for goods and services that he knew in advance would exceed \$1,000.00. The price of a vehicle repair may have escalated and exceeded the threshold after the vehicle or equipment was already dropped off. The practice was happening for a long time and just continued.

In the past, the city used to take their vehicles to a different auto repair shop that was in the same spot as the current Wilton Manors City Hall. When that shop closed, EMU started going to J & R. J.P. did not know why the city chose to use J & R. He did not make the decision to go to J & R; rather, Mr. Archacki decided to go to J & R over ten years ago.

The OIG asked J.P. about J & R invoice number 14513 dated July 22, 2015, for the removal and replacement of a transmission in a 2009 Ford F-150 Truck number 09-206 for \$2,091.20

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

that he paid for using his city issued p-card. He did not remember obtaining any vendor quotes for this purchase. He said he should have gotten quotes though because the purchase exceeded \$1,000.00. However, he did not even remember getting the transmission repaired on the truck. If he obtained the required three oral or written quotes, he also would have had to complete the city's internal quotation form. He thought he would have gotten quotes for it since it was more than \$2,000.00. Neither Mr. Archacki nor finance asked him to provide the quotes. He was not sure about this specific purchase, but Mr. Archacki told him that it was not necessary to obtain quotes for purchases over \$1,000.00 in the past.

J.P. never questioned the labor hours or rates that J & R charged for the work they performed. He did not discuss, negotiate, or agree to any of the rates or hours charged per job. He just dropped the truck off, picked it back up, signed or paid for it, and forwarded the documents to Mr. Archacki for approval. According to J.P., no one in the city ever discussed or questioned the rates that J & R charged. Neither he nor his employees even knew the current rates that the new vehicle maintenance vendor was supposed to charge the city under the new contract.

4. Interview of E.S.

E.S. worked for the city for approximately 29 years, retiring in May 2013. He then worked until November 2016 as an independently contracted superintendent of leisure services for the city. Prior to his official retirement, for many years, he worked as the building and grounds supervisor under the Leisure Services Director. As the superintendent, E.S. supervised approximately 15 employees, including two foremen, two crew leaders, and other full- or part-time maintenance workers.

The finance department required E.S.'s workers to provide an invoice for his review as the first level of approval of all purchases that leisure services made. When a change to a policy, procedure, or purchasing related ordinance occurred, Mr. Mays and the Leisure Services Director each sent an email to inform him. E.S. did not receive training when the changes occurred and did not think it was necessary since it only involved increases in the threshold requirements. When a purchase exceeded \$900.00, he obtained three prices even though he did not need to just in case someone questioned a purchase. However, he only submitted the quotes to finance for purchases exceeding \$1,000.00 as required. He wrote the price, name of the company, company's phone number, and company's contact person on the invoice if he obtained a verbal quote, rather than attaching a piece of paper when quotes were required.

Mr. Mays made sure that E.S. and the other employees provided all the necessary support documents for purchases or called them to the finance office to discuss the records that were missing or needed clarification.

He did not recall receiving any formal training on using his assigned p-card but remembered reading and signing a purchasing card user agreement form with Mr. Mays and Assistant Director of Finance present. Subsequently, E.S. reviewed the purchasing card user agreement with his designated employees and had them sign the document as well. The staff's user agreements were sent to finance after they completed them.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

E.S. consulted two of his workers from his section to help make preliminary determinations on vehicle problems. The workers had extensive automotive experience gained from following car racing and working on cars. With the preliminary determination, he and the workers called two or three repair shops each to explain the possible repair concern from which they would garner a repair or service estimate. At one point, the city was getting pressure to explain why they were using certain vendors to do repairs instead of others. As a result, E.S. began calling and meeting with other repair shops around the area, as well as those who stopped by his office to introduce themselves. After finding out that many of the shops were not responsive to performing the repairs immediately, he returned to his network of reliable auto repair shops because he knew the mechanics and owners, knew they offered good prices, knew the repair facility was secure, and knew dealing with them was convenient. He was not violating anything because he awarded work based on receiving the best prices. He learned which vendors were best for each type of repair through trial and error.

Mr. Archacki gave E.S. the initial information about J & R. About 20 years ago, Mr. Archacki told him J & R was a good dependable mechanic with excellent prices. Mr. Archacki was the perfect guy to go to for a source of any type of repair. During his earlier years, E.S. continued to use the city's previous vehicle repair shop. When city hall was built, the previous vehicle repair shop sold the property to the city, so his motivation to go to J & R was convenience. When he started using J & R, he continued to look for other places to service the city's vehicles. He took the city vehicles to J & R's facility himself about 30 percent of the time.

E.S. did not have a contract or agreement with J & R to service the city's vehicles. "If it shows that [E.S.] used J & R more than other people, I don't know the guy . . . I didn't know him until about two months before I left the city." He did not obtain quotes from everybody that could do a job every time. Perhaps he was a bit lazy at times, but he always obtained multiple prices for comparison.

E.S. recognized J & R's labor rate increased over time. He explained that J & R increased the rate when the analysis computers at their repair shop needed to be replaced to match those being utilized by the Ford dealerships. E.S. did not negotiate a labor rate.

The OIG showed E.S. a copy of invoice number 16672, dated September 5, 2017, to remove the rear dump bed. He agreed to pay more per hour based on the computer upgrade as previously described. He questioned the rate himself but noted that the dealers applied a flat rate for repairs as well. A sign posted in the shop indicated the new labor rate was \$100.00 per hour.

E.S. knew all J & R's mechanics were certified because their pictures and certificates were posted in the shop's office. He did not verify any licenses to ensure J & R or its employees could perform the work requested. The first time the city used a vendor, finance required the vendor to submit all the necessary proof of insurance, certifications, licenses, and required documentation before paying them. J & R was a vendor that the city used regularly in the past and before the p-card program was ever implemented, so he was not concerned.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

[The OIG showed E.S. invoices number 0100 dated September 22, 2014, and number 0101 dated October 8, 2014, for a fence repair at Island City Park Preserve and an entrance gate build and install at Richardson Park.] Regarding using an automotive repair shop for fence and gate work: “It’s simple, there were five companies back then that were fixing that type of estate gate . . . to fix that, it needed to be built. And that’s the problem. [J & R] were metal builders too. Metal builders. They build stuff from steel and they build stuff from aluminum.” He “assumed” they were licensed to do that kind of building.

E.S. confirmed that he made the two handwritten notations on invoice number 0101. Tropic Fence and Quivican submitted prices of \$4,370.00 and \$3,500.00, respectively. He went to J & R to purchase fence repair and gate fabrication with installation because he knew they welded. He knew they performed those kinds of tasks because of the trailer repairs they performed for the city in the past and his observations of them welding during visits to the repair shop. He did not check if J & R was licensed or allowed to build the gates, weld, or do fence repair.

The Owner of J & R was up front. He told E.S. exactly what he was going to do and why he was charging a certain amount. E.S. often called him first so he could check with other vendors after he got a price for that reason. E.S. did not have favoritism for J & R, they just came through for him in many odd situations and saved the city money.

The Leisure Services Director was his friend but also a “hell of a director” in establishing what was right and wrong. He thought his actions were right at the time based on the laws governing what he could do or thought he could not do.

5. Interview of J.S.

J.S. was initially hired as a public services technician I in June 2006. He was promoted to utility technician II, a position he held until he accepted his current position as EMU recycling solid waste and hazardous household waste coordinator about five years ago. He reported to the utilities supervisor, J.P., and EMU director Mr. Archacki.

When J.S. began working for the city, someone unknown in the public services department told him he had to get three quotes for any purchase valued at more than \$1,000.00. He was not sure if the quote requirement threshold was increased to \$3,000.00. Neither his department nor finance ever formally trained him regarding the city’s procurement codes, policies, or procedures. If he purchased something for \$1,200.00, he selected the lowest quote but had to provide two additional quotes. However, if it were a \$990.00 purchase, he could just make the purchase without getting quotes from other vendors. He was not sure if the purchasing value thresholds requirements compelled verbal quotes or written quotes from three competitive vendors.

J.S. did not do a lot of purchasing for the waste and recycling section. Generally, he only made small supply purchases.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

When the city assigned J.S. a p-card, the Assistant Director of Finance provided him with the p-card and told him not to exceed \$3,000.00 for any individual purchases. He signed a p-card user agreement, so he thinks he must have received a manual with it, but he did not recall. After thinking about it, he remembered that he glanced over the manual when he received his p-card but did not read through it in its entirety.

He was not certain of his designated p-card spending limit but believed it may have been \$5,000.00 a month. He was not required to get pre-approval from J.P. or Mr. Archacki. He determined whether he could buy from a vendor by if they had an account with the city. Approximately 98% of the vendors he used to make purchases had a long-standing business relationship with the city prior to his purchases. He did not refer to a vendor table, list of accepted vendors, or list of active master agreements or contracts before making a purchase.

J.S. did not obtain background information such as professional licenses, local or county business tax receipts, or other certifications from the vendors. On occasion, finance or EMU's office manager asked him to get an IRS W-9 form from a vendor after making a purchase.

In the past, he used his p-card to make a purchase on behalf of another employee who was close to or had already reached their monthly spending limit. He never used his card to complete a payment for a good or service that another employee partially paid for on a different card. He never allowed another employee to use his p-card.

A former technician III or J.P. told J.S. to take the city vehicles to J & R when he started working for the city. He never checked to see if J & R had all the proper licenses and certifications. He just assumed they had everything necessary since the city used them previously.

He met the Owner of J & R when he started taking city vehicles there for repairs almost 15 years ago. He never socialized with the Owner of J & R outside of work. He believed Mr. Archacki was a friend of his, but he did not know if they hung out together.

Nobody ever told J.S. to divide a purchase, and he would not elect to divide a purchase on his own. The OIG reminded him of two different invoices from J & R, 14315 and 14326, for the purchase, removal, and installation of a dashboard in a city-owned 1999 Sterling Acterra Dump truck. After being reminded of the invoice details, he said that he needed to obtain three competitive vendor quotes for the purchase because the cost was greater than \$1,000.00, but he did not. He also did not generate a purchase order for the purchase despite the cost of the job being greater than \$3,000.00.²⁸ Mr. Archacki told him to "go ahead and purchase the dashboard," then to go to the shop to pick the dump truck up and pay the remaining balance. When it came to big purchases for the vehicles, he always checked with Mr. Archacki or J.P. to see what to do. He did not recall exactly what occurred or whether he paid for all or part of the repair. He also needed to complete a quotation form if he obtained the required quotes.

²⁸ The job's total cost was \$4,961.00. (Exhibits 6 and 8)

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

Upon being reminded that he paid for two separate purchases, invoice number 15570 for \$432.00 and invoice number 15571 for \$848.00 (total cost \$1,280.00), on August 2, 2016 for various repairs on a 2001 New Holland Backhoe, number 202: it was possible he split the invoices on his own, but he did not recall. At \$1,280.00, he was required to get three quotes for the service, but he did not obtain them. Nobody ever questioned him about the purchases.

He never questioned the fees charged by J & R for any of his purchases. He did not know what the labor rates were or how J & R determined the labor hours it charged the city, even though he used his p-card to pay for the services multiple times. He assumed Mr. Archacki or someone from finance negotiated the rates and fees. He did not scrutinize flat rate purchases either. He was told to take the vehicle to the repair shop, and that is what he did.

Neither Mr. Archacki, J.P., nor anyone from finance ever questioned him about the rates or charges from J & R, but finance recently questioned him about tires he purchased from somewhere else. Finance said he had to buy the tires from G&S, the city's new vehicle maintenance provider.

When the city awarded G&S the vehicle and equipment maintenance contract last year, nobody educated J.S. about the new rates or other details of the contract to make sure the contract was administered correctly. He knew there would be set rates for different services and that the cost of parts would be based on an allowable percentage markup. Most of the information he learned about the contract was from EMU's current office manager during informal conversations in the office. He still did not know the contracted rates or fees for any of the services that G&S was supposed to provide to the city.

6. Interview of the Assistant Director of Finance

The Assistant Director of Finance reviewed the invoices to look for things that might stand out before she authorized a payment to the vendor. There were no specific red flags that she looked for, but she did look to see if the purchase was authorized and valid. She was an auditor, so she sometimes researched a company's name or address to see if it was legitimate.

Department directors were the first to review the invoices they received, but the city did not have a standard procedure or established checklist for reviewing them. If directors approved a purchase, the Assistant Director of Finance could still ask them to provide more information or require the end user to explain any missing purchase details. Directors were aware of the city's purchasing code and should have used it as the "backbone for their review" of invoices. Finance did not sit down with each of them and tell them what they should be looking for as a standard procedure; however, there was constant communication whenever finance had a question regarding a transaction.

Finance conducted three procurement trainings for department directors and other staff members over the last four months. This training occurred on January 16, 2019, February 13, 2019, and April 23, 2019. It was the first procurement training conducted in the city since she

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

was hired seven years ago. There was no current plan to make the procurement review an annual training, but nothing prohibited finance from providing any training.

A vendor was not required to provide the city with any identifying support records to establish credibility until they were ready to submit a proposal. The Assistant Director of Finance sometimes performed a cursory review of the vendors if she received an invoice. She thought the end user's process of gathering three quotes for purchases with a value greater than \$1,000.00 accomplished vetting a company sufficiently. The quotation form that the staff completed and submitted with the quotes included the name of the vendor's contact, the vendor's phone number, vendor back-up documents, the staff purchaser's signature, and the department director's signature. Vendors doing business with the city for the first time were required to submit an IRS W-9 form. She might have looked up the vendor in Sunbiz if she did not recognize them.

The staff did not verify applicable licenses and insurance coverage as part of a citywide vendor validation process if they knew the city previously did business with the vendor. There was no process that required staff to check a vendor in Sunbiz or through another verification method for small purchases.

Every employee who was given a p-card was required to undergo a p-card orientation with her. Following that, employees signed a p-card user agreement form acknowledging the city's p-card requirements. The Assistant Director of Finance invoked a "tone" that let employees know their purchases should have a public purpose, but she did not provide them with a specific list of prohibited goods or services.

The SunTrust employee p-card management system alerted department directors of p-card purchases and required them to access the system to approve them. When the director approved the purchase, she reviewed the purchase statements, the purchase back-up or point-of-sale receipt, and the director's approval. Finance and the city manager approved director purchases. Mr. Mays authorized the city's monthly payments for all city purchases to SunTrust once all purchases were acknowledged and approved in the system.

The Assistant Director of Finance verified that the goods and services the vendor invoiced to finance were received by reviewing the invoice in BS&A and asking the department director to approve it. P-card purchases were submitted with a point-of-sale receipt from the designated p-card holder. The p-card holder's purchases were entered into the accounts payable register to balance the total expenditures in the accounting system. Each invoice was identified in the accounts payable register by whoever made the purchase. She then went into BS&A to approve the executed purchases.

Upon receipt of a good or service from a vendor, an end user employee could directly use his or her assigned p-card to make a purchase. The SunTrust system alerted the end user to the transaction, and they then confirmed delivery of the good or service. The department director approved the purchase in the system for finance to authorize the payment. Finance entered the

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

same invoice purchase approved in SunTrust into BS&A following the review of the submitted supporting documents that Mr. Mays later approved. The Assistant Director of Finance was noted on multiple levels of the approval in the invoice register because she re-created the approval in BS&A that already existed in SunTrust so that the accounting system could balance, and the final payment could be made to SunTrust.

When the vendor sent the invoice to finance, an accounting technician entered the details into BS&A by so that the department directors could verify the purchases with their staff and approve the payments. She regarded the system approvals as a purchase justification in lieu of point-of-sale bills of lading, packing slips, or delivery receipts.

She did not recall if she ever looked up J & R to see if it was registered, licensed, and insured. She did not remember needing to question any transactions with J & R. She remembered questioning end users about some purchases, not necessarily from J & R, where invoice splits may have occurred, but she was comfortable with the employees' explanations about why the work was separated even when the work or jobs seemed to be related.

She did not incorporate a process that ensured the city's employees bought goods and services from vendors under contract first. The city had a contract for the repair and maintenance of police department vehicles with G & S Performance Auto Repairs, but she did not believe all the departments were included in that solicitation.

She did not recall if J & R, an auto repair shop, provided the city with non-automotive types of goods or services. She also did not recall whether she ever questioned the staff about any of the non-automotive type purchases that their departments made. It was "maybe, probably" unusual for someone to ask an auto repair shop to fabricate Christmas tree brackets. She did not recall if she questioned the leisure services department about J & R invoices 0100 and 0101.²⁹ Regarding invoice 0101: the cost of the gate work was \$2,815.00, a value greater than \$1,000.00, so the city should have obtained and attached three quotes to the invoice for their file. She could not identify any notations indicating her request to the department for additional information. After viewing the invoices for the repair of a popcorn machine, the purchase of 300 feet of molding material, the repair of an ice machine, and other non-automotive goods and services, she did not recall whether the transactions prompted her to question any of them.

The city did not have a contract with J & R, and she was not involved in any rate negotiations or discussions about how the cost for repairs or other work would be determined. "Looking at the rate is part of the review process You do a reasonableness test" if you do not have a contracted rate to compare to the amount charged. The end user and reviewer should use good judgement. She did not train the end users on what to look for or how to make sure the prices were charged correctly.

²⁹ These invoices were for fence repair and gate work at two city parks.

7. Interview of the Community Development Services Director

The Community Development Services Director began working for the city approximately five years ago. In this role, she oversaw permitting, planning and zoning, fire, business development, and licensing, which included business tax receipts.

She did not provide training for her department's staff regarding the purchasing process but encouraged them to contact the finance department directly if they had any questions. She attended training provided by finance to go over the purchasing process once or twice since she was hired by the city. She believed she attended some training within the last year.

The community development services department had two vehicles in its fleet. The Community Development Director sent those vehicles to J & R for vehicle maintenance and repair because when she first started working in the city, other employees told her that vehicles were repaired there. She was never approached about being part of a solicitation for vehicle maintenance and repair by anyone in the city. She was not aware of the city's contract with G&S Performance Auto Repairs for police vehicles. The Community Development Director did not question why her department utilized J & R, as she did not always question the selection of a vendor when work was already contracted or being done prior to her employment with the city.

She told the OIG that a permit would be issued for fence work on city property if the Florida Building Code required it. Some fence repairs did not require a permit, but that was determined on a case-by-case basis by the building department's staff. She explained that a repair made to a small section of chain link fence would not require a permit to be issued; however, if an entire section of fence needed to be replaced, a permit needs to be issued. She thought there should be a record of the city's determination as to whether a permit was needed. If a permit were issued, Wilton Manors would be identified as the owner on the application, and the contractor would be J & R. There were no permit exemptions for city-owned properties.

The OIG showed the Community Development Director the J&R invoices numbered 0100 and 0101 that the city paid for fence work. She thought to build and repair a new entrance gate at Richardson Park, a permit would be required, but she did not know if a permit was issued. She also could not determine if a permit should have been issued for the estate fence repair based on the invoice's description alone. She would not expect an automotive repair shop to do fence work unless they were licensed under the state for general contracting or held some type of license authorizing them to perform that work. The city required companies seeking to obtain a permit to be current on all their insurances, provide any necessary county documentation if a state license was not required, or present something that authorized them to perform the work being requested. If a permit was not obtained, she expected the department that requested the work, in this case leisure services, or finance to have gathered the appropriate proof of workers compensation and other liability insurance coverage needed to perform the fence work that the city requested.

8. Interview of the Leisure Services Director

The city hired the Leisure Services Director around April 2004. He oversaw sections that included library, parks, recreation, and a portion of public works and was responsible for reviewing and approving all purchases for the leisure services department. He reported directly to the city manager.

He believed that someone in finance provided all employees involved in procurement with periodic refresher training. Employees obtained three to five quotes to get the most competitive prices and to stay within the department's limited budget. His department furnished all support records, quotes, and requisition requests to finance. Leisure services department staff did not usually have an issue with obtaining quotes, but problems have arisen when projects or purchases from different sections within leisure may have exceeded the threshold limits with a certain vendor that required something different to be done.

The city did not mandate that vendors be registered, approved, or certified in advance for them to be considered for a recreational or contractual purchase. The city's human resources and risk management director looked over contracts to determine the amount of risk involved and determined the liability coverage that each type of procured service or good needed. There were no specific procedures or checklists for staff to reference to determine when specific standards applied. The city was involved in a code re-write that may address those concerns.

Purchases valued at more than \$1,000.00, but less than \$3,000.00 always required three written quotes. Support records were part of the requisition process. He was confident that his division's employees submitted quotes to finance for every transaction with a value greater than \$1,000.00. The format of the quote was outlined in the city's policy. All quotes came through him first. He signed off on a requisition form only after reviewing all the quotes and documents that his employees provided to him before he sent the packages to finance for their final review. Purchases greater than \$3,000.00 required a purchase order in addition to the three quotes and other support records.

Typically, the employees understood where to get things since they repeatedly performed the same types of work and projects throughout the year. The employees also checked with the purchasing coordinator to make sure that the city did not have an existing contracted price or cooperative agreement available that would be more beneficial.

Finance trained designated employees on the proper use of p-cards. Employees were required to sign a purchasing card user agreement form upon completing the training. A supervisor reviewed and oversaw the transactions as another layer of control in monitoring the p-card users. The Leisure Services Director served as the final check in the system, along with finance, who looked to make sure everything provided was adequate. He was not aware that any leisure services' purchases were ever out of the ordinary. He depended on skilled employees to make responsible decisions and use good judgement.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

Finance trained the leisure services employees to make sure the documents they submitted were complete and accurate. Finance looked at the details of the information on packing slips or invoices and notified leisure services if the document detail was incomplete or unacceptable. Generally, he expected a vendor's name, location of the project, and a description of the goods or services identified for the purchase. He rarely had any questions related to purchases. He relied on his supervisors to verify the accuracy of the purchase records and relay or explain any necessary details of the project to him.

Leisure services had a fleet of vehicles that included approximately three vans, two pool vehicles, ten trucks, a jon boat, a barge, and two trailers. Even though he did not know who the supervisors were using for fleet maintenance work, it was he who approved the payments. He could not recall the last time he signed off on a purchase approval for an auto repair.

The Leisure Services Director did not know of J & R or its owner. The OIG showed the Leisure Services Director a copy of the city's invoice register that demonstrated he approved over 90 purchases made by leisure services from J & R since February 2, 2013. The Leisure Services Director approved the payments because he assumed that his subordinates, E.S. and others, were obtaining the pre-purchase price comparisons or quotes, operating a fleet maintenance program, and reviewing the purchases for accuracy despite not communicating about it. Staff never mentioned J & R or its owner to the Leisure Services Director.

The OIG showed the Leisure Services Director that he provided nearly all the final department head approvals for payments to J & R. As the department head, he approved every purchase in leisure services because it was a finance policy. If he was not available to be the final approver, finance may have designated the Library Division Director to sign-off as the department head approver.

[The OIG showed the Leisure Services Director that several of the purchases leisure services made from J & R were for non-motor vehicle related goods or services.] He could not answer whether anyone vetted J & R to determine if the company was registered, insured, licensed, or authorized to perform the non-motor vehicle work they provided to the city, despite approving all the purchases.

He agreed that a governmental agency should make sure that a company was qualified and licensed to provide the goods and services they purchased. Regarding J & R invoices number 0100 dated September 22, 2014, for \$985.00 and number 0101 dated October 8, 2014, for \$2,815.00: he was not familiar with either of the transactions³⁰ and he had not noticed that the appearance of those invoices was different from J & R's other invoices submitted at the time.

For a \$985.00 purchase, the Leisure Services Director expected the staff to obtain three quotes, but he would not have verified that his staff collected the three prices. For the \$2,815.00 purchase, the Leisure Services Director could not confirm that staff collected quotes, as he did

³⁰ These invoices were for fence and gate related work J & R provided to the city.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

not remember the transaction. Although he was an approver, the Library Division Director would not have made the decision to repair the fence at Island City Park Preserve.

While reviewing invoice number 0101 for the gate work at Richardson Park, the OIG showed the Leisure Services Director some handwritten notations identifying that two fence companies, Tropic Fence and Quivican Fence, may have been contacted to provide prices for the gate work. The Leisure Services Director could not explain why two fence companies and a motor vehicle repair shop were called to provide gate work, and he identified E.S. as the employee who would have been responsible for contacting the companies for a price. If the company name, J & R Service Center, Inc., included the words “automotive,” it may have triggered the Leisure Services Director to question the other miscellaneous types of work like the fabrication of Christmas brackets, fence repair, installation of a gate, three wheeler repairs, barge repair, popcorn machine repair, ice machine repair, or trailer repairs. He may have also questioned the purchase of a trailer hitch or bulk molding supplies from J & R.

Despite being noted on J & R’s various invoices, the Leisure Services Director did not recognize that J & R’s labor rate increased from \$85.00 to \$100.00, and again from \$100.00 to \$125.00 over the last few years. He never negotiated labor rates or the number of hours charged per job type. The Leisure Services Director never communicated that kind of rate information to his employees with assigned p-cards and was not aware that any other departments shared the repair rate information, either.

The Leisure Services Director was confident his staff knew what to do based on their training and the informal discussions he had with his employees regarding the feedback they received from finance. If a vendor could perform the work and the employee got quotes, he did not think they would be mindful of whether a vendor was licensed to do the type of work requested. He was not provided with a set of protocols or a checklist to verify the legitimacy of a transaction.

The city and his department had better checks and balances to control purchasing in place now.

9. Interview of the Library Division Director

The city hired the Library Division Director in April 2004 as a library manager in the leisure services department. He managed two full-time and seven part-time employees and reported to the Leisure Services Director.

The Leisure Services Director issued final approval for the purchases that the Library Division Director and his subordinates initiated. He served as the department head purchase approval back-up for the leisure services department when the Leisure Services Director was out.

The Library Division Director did not have to verify that a vendor was registered on an active vendor table or on an approved city vendor list prior to procuring goods or services. He collected an IRS W-9 form to submit to finance from all vendors he had not used before. He

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

never asked vendors for certifications, licenses, state or local business tax, registration with the department of state or other credentials. During the training that finance provided a while ago, he was told that finance collected those sorts of things from the vendors. Since it was a policy, he assumed finance did that. He did not check to see if the city had a master agreement or active contract for the goods or services, he was seeking prior to making a purchase either.

Employees never brought him an invoice to approve when the Leisure Services Director was at work. He did not know why he was asked to approve p-card purchases instead of just waiting for the Leisure Services Director to come back in. When he received an invoice, he did a physical accounting of the items that were delivered prior to approving the purchase. However, he approved the invoices that E.S. brought to him without verifying the goods or services purchased since E.S. already certified the purchase. He had no reason to question the purchases. He had not approved any purchases for leisure services since E.S. left the city because the Leisure Services Director hired a parks and recreation manager, who served as the backup in the Leisure Services Director's absence. He never communicated with the Leisure Services Director about the purchases he approved when he was out.

He was neither familiar with J & R nor knew its owner. The OIG informed him that he approved some purchases from J & R on behalf of the city. He assumed that E.S. brought the purchases to him for approval. He did not remember approving the purchase of Christmas tree brackets from J & R and did not ask E.S. about an auto repair shop fabricating the Christmas tree brackets. He did not physically verify delivery of the goods purchased either, like he did with items he ordered through his division. After he approved the purchase from J & R, nobody from finance ever questioned him about his approval. He did not recall J & R's fence repair at Island City Park Preserve for \$985.00 on invoice 0100, dated September 22, 2014. He did not go to the site to verify or check on the fence repair himself nor did he question anything about the repair or vendor. He did not know the owner of the Subcontractor and he did not ask E.S. if J & R pulled a permit for the fence repair work.

The Library Division Director did not know if the rates J & R charged were fair and reasonable. He approved the purchases based on E.S.'s knowledge and expertise. It did not occur to him to ask E.S. about any of his purchases since E.S. knew the purchasing guidelines as well as any other employee. The Library Division Director did not review any of the invoices because it was E.S. that brought them to him. He trusted that E.S. knew how the purchasing process was supposed to be done and that the invoices were for legitimate purchases. He did not question the flat rates that J & R invoiced for the Christmas tree brackets, fence repair, and popcorn machine or the hourly rates charged for motor vehicle type repairs he approved. He also did not recognize that the invoices J & R submitted for most purchases differed from those submitted for fence repair work.

10. Interview of the Owner of J & R

The Owner of J & R and his family owned and managed the motor vehicle repair shop since 1997. The shop has an Automotive Service Excellence (ASE) certified Master Technician on

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

staff. The Owner of J & R is also a certified ASE Automobile Technician. The ASE certifications are not really needed to do all the different kinds of work that J & R does, but it helps to promote a level of professionalism. The State of Florida licensed J & R as a registered Motor Vehicle Repair Shop beginning in 1997. J & R also did a lot of welding, but nobody working in the shop has a certification in that area. J & R did not do auto body work, but they welded things that were not that involved, like exhaust pipes or broken door jams.

He provided services for the cities of Pompano Beach, Oakland Park, and Wilton Manors.

J & R started doing work for Wilton Manors around 1997 when Mr. Archacki called him to repair a flat tire on a city-owned backhoe. Mr. Archacki called because he knew he had an auto repair shop nearby. Some of the services provided to the city included tire and auto repair, welding, pipe bending, and anything else the customer needed.

He was fairly certain that he completed and submitted IRS W-9 forms to the city at some point, but he could not recollect how that was arranged. He did not remember if the city ever asked him to provide a copy of his ASE certifications, proof of insurance liability coverage, or other licenses. However, in his recent submission to a solicitation for citywide vehicle and equipment maintenance services in the fall of 2019, the city did request that information.

He determined his repair shop labor rates by calculating his daily operating expenses. His rates were always posted on the office wall of his repair shop in accordance with state law. If the actual amount of time he needed to do a repair was less or more than the estimate, he neither lowered the charges nor raised the charges. Any city employee that dropped off a vehicle for repair was informed of the labor rate, cost of the needed parts, and hours required to perform the work. He usually called Mr. Archacki to inform him of a job's estimated cost and to seek his verbal authorization to proceed. In Mr. Archacki's absence, he called the other city employees that dropped off the vehicles or equipment. He got an approval for everything he did for the city. He also notified E.S. in leisure services for repairs to vehicles from his department. He never spoke with the Leisure Services Director.

City employees never questioned his labor rates or the increases from \$85.00 to \$100.00 to \$125.00 per hour between 2013 and 2018. In fact, they never questioned the rates or charges for any repairs to the city's vehicles or their personal vehicles.

Sometimes, he sent a copy of an invoice to the city or an employee would call back J & R with a p-card number to process a payment for the transaction. If the employee had a p-card assigned to them, they swiped it at the point of sale.

The Owner of J & R did not remember all the details, but he recalled E.S. and Mr. Archacki asking him to separate invoices. He was not sure but recalled being told purchases greater than \$1,000.00 required a purchase order. The OIG showed him J & R invoice number 14315 from May 20, 2015, for a new dashboard part for a 1999 Sterling Acterra dump truck for \$3,761.00 and invoice number 14326 from May 21, 2015, to remove and replace the dashboard for

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

\$1,200.00. Mr. Archacki told him to split the purchase "to get the truck done right away." He charged the city the actual amount of time, twelve hours, that the mechanics spent working on the dump truck to install the dashboard.

Mr. Archacki told the Owner of J & R about the recent solicitation for citywide vehicle and equipment maintenance services. Mr. Archacki suggested that he prepare a proposal and submit it to the city and went to J & R's location to tell him that the city awarded the contract to another vendor and told him about G&S's proposed hourly rate of \$80.00 per hour compared to J & R's \$125.00.

The Owner of J & R did not know if his shop had general liability insurance coverage that authorized him to work on heavy line equipment though. He grew up working on heavy equipment around his father, so he knew he could do it. So, when Mr. Archacki told him he had a problem with a backhoe, he just did the repair work. He did not think he was restricted from repairing anything. Asked if he was also allowed to repair trailers, barges, ice machines, popcorn machines, and fences for the city, he responded that he thought he was covered, but he never concerned himself with any of those non-automotive types of repairs failing or causing harm to people and not being covered by his insurance policy.

City employees came to him because they did not know where else to go for non-automotive related repairs. They asked him if he knew someone or if he could do it. They never asked if he was authorized or licensed to do the work. He just wanted to help the city. He was not sure if he needed a license or particular authorization, but he knew he could execute the repairs. For example, he remembered E.S. asking him to dismantle and weld a popcorn machine back together for the city. He charged for the repair based on his rate at the time and the actual amount of time he spent working on it. However, he did not remember how he determined the rates for fabricating Christmas tree brackets for the city. None of the charges were negotiated by city employees. He also recalled working on a JLG lift for Mr. Archacki. He knew that lifts had certain OSHA³¹ safety and repair requirements and, although he was not licensed to work on lifts, he knew he could fix the hydraulics and electronics.

At one point, E.S. asked him (the Owner of J & R) if he knew anything about fence work. He told E.S. he knew an individual³² (the Subcontractor) who could easily perform what he needed. He sent the Subcontractor to the location to measure and assess the job, and the Subcontractor gave the Owner of J & R an estimate. The Owner of J & R called E.S. to tell him that he got the estimate and asked if he wanted to proceed with the work through J & R. E.S. agreed to the price and provided a verbal approval to proceed. After receiving notice, the Subcontractor went to the site and completed the fence work immediately. J & R was just a pass through for the fence jobs. The Owner of J & R was not sure if he created invoice number 0100, to repair the estate fence at Island City Park Preserve, and invoice number 0101, to build

³¹ OSHA is the Occupational Safety and Health Administration.

³² During the interview, the Owner of J & R identified the individual by name. He was the owner of the firm that J & R subcontracted to do the work charged in J & R invoices 0101 and 0100 (the Subcontractor).

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

and install a new entrance gate at Richardson Park. After being shown the invoices by the OIG, he admitted the two invoices looked different from all the other J & R invoices submitted to the city. He could not remember what occurred, but he thought that the Subcontractor may have used J & R's business information to generate the invoice on their own system. He did not recall if he made any money on those two jobs. The city did not ask J & R for a permit application for the fence or gate work. He did not think J & R invoiced any other outsourced jobs in the way he did the fence work for the Subcontractor.

The Owner of J & R was close friends since childhood with T.B., a former city EMU technician, who currently works for Oakland Park. He met Mr. Archacki more than 20 years ago through mutual friends, but he could not recall who introduced them. He recalled meeting most of the people affiliated with Mr. Archacki a long time ago when a mutual friend took him out to a fishing and hunting camp in the Everglades. Over the years, he grew to be good friends with Mr. Archacki's brother and his brother-in-law. He also personally knew J.P., another EMU employee. In 2005, he agreed to join the public services department team to paddle with Mr. Archacki's brother-in-law and other employees in a couple of canoe type races on behalf of the department around that time.

The Owner of J & R owns several properties in Lake Wales, Florida. Mr. Archacki's brother-in-law, Mr. Archacki's brother, and several others were also friends that followed the Owner of J & R up to Lake Wales to buy properties several years ago. All their children grew up together vacationing in Lake Wales.

A couple years after the Owner of J & R bought his property in Lake Wales, Mr. Archacki's brother formed a group to buy a piece of undeveloped property nearby. Mr. Archacki's brother collected approximately \$300 from everyone involved to execute the purchase in February 2009. The owners included himself, Mr. Archacki, Mr. Archacki's brother, Mr. Archacki's brother-in-law, and others. There was no signed access lease or agreement between the six parties to buy the property.

The Owner of J & R, Mr. Archacki's brother, Mr. Archacki's brother-in-law, and two others bought more properties in 2019. Mr. Archacki's brother, Mr. Archacki's brother-in-law, and the Owner of J & R are close friends who communicate regularly, look after one another's properties, assist each other, and socialize often in Lake Wales. Mr. Archacki seldom goes to Lake Wales and "didn't want nothing to do with [the new properties] . . . he already has one."

A lot of employees from the city including the former EMU technician, J.P., Mr. Archacki, J.S., E.S., and various other employees brought their personal vehicles to J & R for service. When Mr. Archacki's brother-in-law worked at Wilton Manors as the fire marshal, he brought his city and personal vehicles to J & R for repairs, and he still brought his personal vehicles. After he retired, E.S. called the Owner of J & R once for assistance with his personal truck, but he charged him for the work. He charged them the same rates as the public. None of the employees ever asked for free or discounted services or anything to continue bringing the city's vehicles to J & R.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

He could not say if Mr. Archacki gave him work because of their friendship, but he was certain he performed all the work for which he submitted invoices. Mr. Archacki never questioned any of J & R's work for or charges to the city. The owner never gave Mr. Archacki, his brother-in-law, or his brother any money, land, services, or access rights for getting him city work.

RESPONSES TO THE PRELIMINARY REPORT AND OIG COMMENT

In accordance with Section 10.01(D)(2)(a) of the Charter of Broward County, preliminary copies of this report were provided to the municipality and to any officials, employees, and providers implicated in the report for their discretionary written responses. The OIG received responses from the city and Mr. Mays. They are attached and incorporated herein as Appendices A and B respectively. We appreciate receiving the responses.

1. Response of the City

The city, through the city manager, expresses thanks to the OIG staff “for the thorough review and recommendations that have guided the City through these improvements.” As noted in our preliminary report, the city was cooperative and willing to improve its processes. The city took corrective actions as issues arose during the investigation and has a continued action plan to address the procurement and internal control issues identified in the preliminary report.

Although the city asserts that the \$129.00 duplicate payment was the result of human error and not a lack of a preventative control, it will nonetheless ensure an improved process of reviewing vendor payment activity. It will also establish a process to vet, validate, and set up vendors. The city will provide an internal list of active contracts on its intranet and communicate to staff how to identify and utilize a pre-approved vendor agreement.

Finally, the city reported that it is in the process of developing a new purchasing manual, will review and revise the p-card policy, update the p-card user manual, and provide citywide employee training.

2. Response of Bob Mays

Mr. Mays submitted his own, personal response without the consultation or coordination with the city. He expresses that working with the OIG investigation was “enlightening and instructive, if not pleasant” and that the city made improvements to the internal controls based on what they learned during the investigation.

Mr. Mays wrote that, although he was not deeply involved with the city's purchasing function during his tenure, he did become familiar with the procedures being followed. He made many improvements while he was the finance director, which included hiring the city's first full-time, dedicated purchasing employee, the purchasing coordinator. He feels confident that he left the purchasing function in much better shape when he retired than it was when he first started.

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

He admits that he made an “error in judgment” when he allowed the city’s first procurement for a vehicle maintenance contract to be restricted to police department vehicles only. He posits that most of the issues identified in our report could have been avoided by having a contract that covered all city vehicles. Before his retirement in September 2019, the city issued an RFP for such a comprehensive contract.

CONCLUSIONS

The OIG has concluded its investigation into whether city employees violated the procurement code in acquiring goods and services from a motor vehicle repair services vendor. We substantiated that city staff and management engaged in misconduct by violating the city’s purchasing code in purchasing motor vehicle repair and maintenance and non-motor vehicle related goods and services from J & R, whose owner had long-standing social relationships with multiple city employees.

From April 15, 2013, to September 5, 2017, the city paid J & R \$81,376.57 for 189 invoices. Of this amount, \$49,152.32 was related to motor vehicle work, which J & R was licensed to do, and \$32,224.25 was related to non-motor vehicle work.

The investigation found four examples where city staff within the EMU and leisure services departments failed to (1) obtain competitive oral or written quotes for purchases valued over \$1,000.00 and up to \$3,000.00; (2) obtain competitive written quotes for purchases valued over \$3,000.00 and under \$20,000.00; and (3) initiate purchase orders for at least one purchase in the amount of \$3,000.00 or more. These failures were violations of the city’s purchasing code. The OIG found that a department director who had a social relationship with J & R’s owner failed to detect or prevent obvious splitting of two purchases by staff and, in some cases, approved or participated in them.

Except for the handwritten prices of two competitors on the face of a J & R invoice, despite the requirement to use a quotation form that called for significantly more details, the finance department did not keep a record of any required quotes for the identified J & R purchases. Because the city code required the finance director or his designee to maintain all records of such quotes, and because the finance director, as the final approver of all purchases, never questioned why there were no quotes for such purchases yet approved them, the OIG found that this also violated the city code.

Our investigation also found that the city lacked consistent controls to check vendor activity reports; that the city did not ensure that employees used or referenced established city contracts or rates before seeking other non-vetted vendors to purchase goods or services; that J & R was able to charge the city different labor rates, which increased by 47% over time, because there was no contract and no established citywide standard in place for employees to reference; and that the city failed to provide adequate staff training in procurement.

In violating the procurement code, city staff allowed J & R to obtain work from the city without having to compete with other vendors and without having to justify its varying prices. Based on the best practices and public policy behind the competitive bidding laws, these

BROWARD OFFICE OF THE INSPECTOR GENERAL
FINAL REPORT RE: MISCONDUCT AND INTERNAL CONTROL ISSUES
IN CITY OF WILTON MANORS PROCUREMENTS FROM A MOTOR VEHICLE REPAIR VENDOR

violations gave rise to the appearance that city staff awarded J & R these jobs based on personal preference, given the background of the relationships we uncovered.

As a result of our investigation, the city issued a solicitation and secured a contract for citywide repair services for non-police vehicles and certain mechanical equipment with another vendor, awarding an hourly labor rate that was 56.25% less than J & R's labor rate at the time. In addition, the city provided procurement training and addressed issues that arose during the investigation. These actions, as well as the city's cooperation throughout the investigation, demonstrated the city's willingness to put a stop to the troubling conditions that the OIG identified.

The OIG recognizes that the city has begun making meaningful changes and is encouraged by the steps it has taken thus far.

The OIG urges the city and all other municipalities in Broward to review vendor payment activity for large aggregate payments in the absence of contracts and to ensure that staff and management are following proper internal controls in the procurement of goods and services from those vendors. In addition, we specifically suggest that the city of Oakland Park consider the findings reported here and the nature of their staff relationships and payments to J & R.

OIG 18-015-M

EXHIBIT 1



CITY OF WILTON MANORS QUOTATION FORM

Date: _____

Department: _____

Select Vendor in Box

	VENDOR # 1 <input type="checkbox"/>	VENDOR # 2 <input type="checkbox"/>	VENDOR # 3 <input type="checkbox"/>
Vendor Name			
Contact Person			
Address			
Phone			
Quoted Amount			
Order Description			
Check One	<input type="checkbox"/> Oral <input type="checkbox"/> Written	<input type="checkbox"/> Oral <input type="checkbox"/> Written	<input type="checkbox"/> Oral <input type="checkbox"/> Written
Other	City Standard Commodity <input type="checkbox"/>	Sole Source <input type="checkbox"/>	Piggybacking <input type="checkbox"/>

If selected **Other** please provide additional comments:

Invoice Number: _____ Invoice Date: _____

Requisition Originator: _____ Date: _____

Note (City Code Sec. 2-268):

All such purchases of greater than the estimated cost of one thousand dollars (\$ 1,000.00) but less than or equal to three thousand dollars (\$ 3,000.00) shall require at least three (3) oral or written quotations.

Sole Source means that the commodities or services are available from only one (1) responsible vendor.

City Standard Commodities, refer to those situations where the city has determined that a particular style, brand, make, or model is the only type that meets the city's requirements for performance, compatibility or other salient characteristics.

OIG 18-015-M

EXHIBIT 2

PURCHASING CARD USER AGREEMENT

I agree to the following regarding use of the Purchasing Card for the City of Wilton Manors:

1. I understand that I am making financial commitments on behalf of the City of Wilton Manors and will strive to obtain the best value for the City.
2. I understand that under no circumstances will I use the Purchasing Card to make personal purchases, either for myself or for others.
3. I will keep the Purchasing Card secure at all times and not allow it to be used by anyone other than myself.
4. I have been given a copy of the Purchasing Card Policies and Procedures Manual, received the training and understand the requirements for Purchasing Card use.
5. I will follow the established procedures for use of the Purchasing Card and to follow the Purchasing Procedures as established under section 2-266 through 2-272 of the City of Wilton Manors Code of Ordinances. Failure to do so may result in either loss of privileges or other disciplinary actions, including termination of employment.
6. I agree that should I willfully violate the terms of this Agreement, I will reimburse the City of Wilton Manors for all incurred charges and any fees related to the collection of those charges, and that I may be subject to disciplinary action.

Employee Name (PRINT)

Employee Name (SIGNATURE)

Department/Division (PRINT)

Date: _____

OIG 18-015-M

EXHIBIT 3

Rerecord to correct
Legal

Tax folio No: 30-30-09-000000-031030

INSTR # 2009097535
BK 07891 PG 1221 PG(s)1
RECORDED 05/26/2009 09:41:20 AM
RICHARD M WEISS, CLERK OF COURT
POLK COUNTY
RECORDING FEES 10.00
RECORDED BY S Wiggins

QUIT CLAIM DEED

THIS Quit Claim Deed executed this 23rd day of February, 2009, by SANDRA GROSS, *now known as Sandra L. Nelson, First Party, and LAWRENCE R. ARCHACKI, a single man, DAVID J. ARCHACKI, a married man, JAMES E. RIDOUT, a married man, DAVID HUNTER, a married man, RICHARD N. PATALAN, a married man and GILBERT WILLIAMS, a single man, all rights of survivorship, second party, whose mailing address is 2627 NE 10th Avenue, Wilton Manors Fl. 33334.

WITNESSETH that said First Party, for and consideration of the sum of TEN AND NO/100THS (\$10.00) DOLLARS, in hand paid by the second party forever, the receipt whereof is hereby acknowledged, does hereby remise, release and quit-claim unto the said Second Party forever, all the right, title, interest, claim and demand which the First Party has in and to the following described land, situate, lying and being in Polk County, Florida, to wit:

The East 1/2 of the southeast 1/4 of the ^{SE 1/4 of} Northeast 1/4 of the Northwest 1/4 Of Section 9, township 30, Range 30, located in Polk County Florida.

TO HAVE AND TO HOLD the same together with all and singular the appurtenances thereunto belonging or in anywise appertaining, and all the estate, right, title, interest, lien, equity and claim whatsoever of the said First Party, either in law or equity, to the only proper use, benefit and behoof of the said Second Party forever.

IN WITNESS WHEREOF, the said First Party has signed and sealed these presents the day and year first above written. Documentary stamps were paid in that certain deed recorded in OR 7767, at Page 0908, Public Records of Polk County, Florida. The Grantor received no consideration for this transaction. Signed, Sealed and delivered In our presence

Witness Timothy J. Bruehl

Witness Eileen M. Grover

Sandra L. Nelson
Grantor, SANDRA GROSS, now known as Sandra
14382 Sandarac Dr. L. Nelson
Bokeelia, FL 33922

STATE OF FLORIDA
COUNTY OF BROWARD

I HEREBY CERTIFY that on this day, before me, an officer duly authorized to administer oaths and take acknowledgments, personally appeared, SANDRA GROSS, known to be the persons described in and who executed the foregoing instrument, who acknowledgement before me that they executed the same, that I relied upon the following form of identification of the above named person: Florida Driver's Licenses, and the oath was taken.

State Last aforesaid this 23rd day of February 2009

Witness my hand and official seal in the County and
[Signature]
Notary Public, State of Florida at Large

RECORDER'S MEMO:
Legibility of Writing, Typing or Printing Unsatisfactory in This Document When Received.

NOTARY PUBLIC-STATE OF FLORIDA
Timothy John Bruehl
Commission # DD590619
Expires: OCT. 10, 2010
BONDED THRU ATLANTIC BONDING CO., INC.

INSTR # 2009123014
BK 07921 PG 0542 PG(S)1
RECORDED 07/06/2009 09:09:34 AM
RICHARD M WEISS, CLERK OF COURT
POLK COUNTY
RECORDING FEES 10.00
RECORDED BY S Wetzel

OIG 18-015-M

**COMPOSITE
EXHIBIT 4**



BROWARD OFFICE OF THE INSPECTOR GENERAL

October 10, 2018

SENT BY EMAIL

Faith Lombardo, City Clerk
City of Wilton Manors
2020 Wilton Drive
Wilton Manors, FL 33305
flombardo@wiltonmanors.com

REQUEST FOR RECORDS

The Broward Office of the Inspector General (OIG) requests that the City of Wilton Manors, Florida provide copies of the records set forth below for fiscal years 2014, 2015, 2016 and 2017. If the records are retained in electronic form, we request electronic copies.

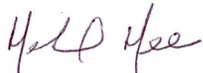
1. Any and all purchase requisitions and purchase justifications—such as work orders or maintenance reports—associated with purchasing card (p-card) transactions paid to J & R Service Center, Inc.
2. Any and all authorizations and approvals for p-card purchases from J & R Service Center, Inc.
3. Any and all invoices, bills or charges submitted to the City of Wilton Manors by J & R Service Center, Inc.
4. Any and all p-card Transaction Summary records generated during the fiscal years set forth above.
5. Any and all records of oral or written quotes obtained by city employees to support the transactions executed with J & R Service Center, Inc.
6. Any and all of business and professional licenses provided by J & R Service Center, Inc. or obtained by city employees to substantiate the different services J & R Service Center provided to the city.
7. Binder or other liability insurance documents demonstrating the description of coverage held by J & R Service Center, Inc. during the fiscal years set forth above.
8. Any and all conflict of interest affidavits or disclosure forms provided by J & R Service Center, Inc. or completed by the city employees authorized to use city designated p-cards for purchases.

9. Any and all Purchasing Card User Agreements for employees that executed p-card transactions with J & R Service Center, Inc.

We request that you provide the above referenced items by **October 24, 2018**. You may comply with this request by e-mailing the items to Mark Magli (mmagli@broward.org) or by delivering them to the OIG, which is located at One North University Drive, Suite 111, Plantation, Florida 33324. If you need to make alternative arrangements or would like additional clarification on any requested item, please contact Mark Magli at 954-357-9729.

Regards,

JOHN W. SCOTT
INSPECTOR GENERAL

By: 
Michael Mee
Deputy Inspector General



Life's Just Better Here

City of Wilton Manors

2020 Wilton Drive
Wilton Manors, FL 33305
www.wiltonmanors.com

Rec'vd from Bob Mays
Wilton Manors City Hall
10-30-2018

Finance Department
Phone (954) 390-2141

October 25, 2018

Mr. Mark Magli
Broward County OIG
One North University Drive, Suite 111
Plantation, FL 33324

Dear Mr. Magli:

This letter is in response to your Request for Records dated October 10, 2018. I have responded according to the numbered requests in that letter. All electronic files are numbered to coincide with the questions numbers below, and are on the attached flash drive.

1. None.
2. On 11/28/2012 the City went live with BS&A accounting software. This software gave us the capability to set up approval paths and have invoice approvals done through the accounting system. Attached is a report showing the approvals for all J & R invoices during fiscal years FY13, FY14, FY15, FY16, and FY17. The FY13 information is included because there were ten FY13 invoices that were paid by a p-card transaction in FY14. **File included: "2. Invoice Approvals, J&R, FY13 through FY17.pdf"**
3. On the attached flash drive is a folder named, **"J&R Invoices sent to OIG for 10-10-18 request"**. This folder contains copies of all J&R invoices for the subject period, including the ten invoices from FY13 mentioned in #2 above. The files are named with the invoice numbers.
4. As we discussed last Monday, providing all of these p-card Transaction Summary records would mean assembling 1,920 files. To avoid this task, and since your goal is to ensure that you have all of the J & R Services invoices for the relevant time period, I have done a reconciliation of the p-card data we downloaded directly from SunTrust with the data in our BS&A accounting system for J & R invoices. If you require additional information, please let me know.

There are two excel files I used for the reconciliation:

- **"4a. List of p-card transactions sent to IG on 10-31-17.xlsx"**
In file 4a there are seven numbered tabs. Tabs 1 through 4 contain the raw p-card data from SunTrust that we provided to your office last year. Tab 5 combines all 4 years on one spreadsheet. In Tab 6 I added column A with a unique index number for each row. I filtered the data to show only J&R Service Center transactions. Tab 7 contains only the J&R Service Center transactions copied from Tab 6. As you can see there are 106 p-card transactions totaling \$81,376.57 for J & R Service Center in FY14, 15, 16, and 17.

- ***"4b. BSA list of J&R Service Center transactions FY13, 14, 15, 16, 17.xlsx"***

In file 4b there are three numbered tab. Tab 1 is the invoice transaction data for J&R directly downloaded from our BS&A accounting system for FY13. Tab 2 is the same data for FY14, 15, 16 and 17, combined. In each of these tabs I added Column A and inserted an index number for each transaction. In tab 3 I grouped the invoices to show which ones were paid separately and which ones were grouped together with other invoices for payment. Again, there are 106 p-card transactions totaling \$81,376.57 for J & R Service Center in FY14, 15, 16, and 17.

In order to maximize the p-card rebates we receive from SunTrust, we use our Accounts Payable p-card to pay for invoices whenever possible. Oftentimes we will make a single payment with this p-card to pay for multiple invoices.

5. None.
6. Two files are attached.
7. Current insurance information is attached.
8. None.
9. On the attached flash drive.

Please let me know if we may be of further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Bob Mays" with a long horizontal flourish extending to the right.

Bob Mays
Finance Director

OIG 18-015-M

EXHIBIT 5

City of Wilton Manors Purchasing Card Policies and Procedures Manual

PURPOSE

This policy establishes the basis for the City's purchasing card program. The purchasing card program is designed to improve efficiency in processing purchases from any authorized vendor that accepts the Master Card credit card.

Before a Purchasing Card is issued, employee must attend a training class and must read and sign the Purchasing Card User Agreement.

AUTHORIZATION

By signing the Purchasing Card User Agreement, the employee affirms that he/she has read and is familiar with the rules, regulations, and procedures as stated in the City of Wilton Manors Purchasing Card Policies and Procedures, the City of Wilton Manors Purchasing Ordinance and the City of Wilton Manors Travel Policies. Employees who misuse or abuse card usage may be subject to disciplinary action up to and including termination of employment.

Purchasing cards may be used only by the person whose name appears on the face of the card and may not be loaned to or used by any other person. The account number must not be given to any individual other than the vendor from whom the employee is making a purchase.

The following are the responsibilities of:

Card holder:

- Hold and secure purchasing card.
- Comply with all purchasing and travel policies.
- Determine availability of budgeted funds before ordering.
- Order materials and services.
- Collect and save all sales receipts/invoices.
- Log phone orders and request receipt.
- Match receipts with monthly card statement.
- Identify disputed charges.
- Make sure vendor is aware of the City's tax exemption.
- Notify Finance immediately if card is lost or stolen or other reasons card should be terminated.

Department Director or Designee

- Approve purchasing card requests
- Approve purchases on ESP
- Collect purchasing cards from terminated employees and forward to Finance Department in person.

LIMITS AND RESTRICTIONS

The purchasing card is for official City business only. The purchase of goods or services for the employee's personal use is strictly prohibited. The following types of items shall not be purchased with the purchasing card.

1. Cash advances
2. Alcohol or prescription drugs
3. Food (unless purchased by departments authorized to purchase food items for City events and purposes)
4. Recreation and entertainment (unless purchased by departments authorized to purchase these services for a legitimate City purpose)
5. Gas and oil products (except of city vehicles on official city trips outside of Broward County and approved rental car on a city trip outside of Broward County)
6. Any additional goods or services specifically restricted by the City Manager

Purchases greater than \$3,000.00 require a PO, prior to making the purchase, per the City's purchasing ordinance. In addition, written or oral quotes must be obtained for purchases greater than \$1,000.0 up to \$3,000.00.

All items paid for with the purchasing card must be shipped to the city and are property of the City of Wilton Manors.

It is the responsibility of the user department to have adequate funding available prior to making purchases.

TRAVEL RELATED CHARGES

Purchases for conference registrations/classes, airline tickets, hotels, and parking charges are permissible. Purchases made during travel must be in accordance with the City's policies and procedures.

TAXES

Most purchases are exempt from sales tax. The tax identification number is listed on the face of the purchasing card. Cardholders must assure that sales tax has not been added to the receipt or request that a credit be processed. Some Internet purchases will require the cardholder to call a customer service (contact us) number on the company's website in order

not to have taxes placed on the order; it is the responsibility of the cardholder to ensure that this occurs. Cardholders using a purchasing card out of state may be subject to that state's tax law.

LOST OR STOLEN CARDS

If a card is lost or stolen, immediately contact the Finance Department. Verbal reports of a lost or stolen card must be confirmed by e-mail to the Finance Department.

CREDITS/RETURNS

Merchandise returned must be credited to the City's account to which the transaction was charged. Cardholders are not authorized to receive a cash payment or store credit for returned merchandise. It is the responsibility of the cardholder to assure that credits for returned merchandise are properly applied to the monthly account statement.

If a gift card, rebate, and or other incentive are issued to card holder for a qualifying purchasing event, said gift card, rebate, or other incentive must be submitted to Finance.

DISPUTES/ERRONEOUS CHARGES

It is the responsibility of the cardholder to document and resolve disputes and erroneous charges directly with the vendor. In most cases, disputes can be resolved in this manner. If a dispute cannot be resolved, notify the Finance Department in writing.

RECORD KEEPING/RECEIPTS

It is the responsibility of the cardholder to obtain transaction receipts for all purchases. Sales receipts or packing slips must be obtained whether a purchase is made in person or via telephone, fax, mail, or over the Internet. It is the employee's responsibility to assure that the description on the sales receipt or packing slip is legible and clearly describes the purchase. These receipts will be used by the Finance Department to balance the monthly statement and be part of the documentation kept on file to substantiate the payment process.

Documentation maintained must be accurate, accessible and complete, as it not only records the transaction, but also supports the legitimate business purpose of the purchase. In addition to sales receipts and packing slips, the following are additional examples of supporting documentation:

- Copies of internal order forms
- Subscription or dues forms
- Conference registration forms
- Statement of service report from vendor performing on-site repairs
- Cash register receipts

In the event all efforts to obtain documentation of a transaction have failed, the cardholder must attach a written description of the purchase along with a signed certification that the purchase was made in accordance with City policy. Failure to provide certification may

result in disciplinary action and the employee may be required to pay the City for the undocumented expense.

The cardholder is responsible for submitting all documentation to the Finance Department as soon as possible to insure timely payments.

CHANGES IN AUTHORIZED USERS

It is the responsibility of the Department Director or Designee to contact the Finance Department concerning any change to an authorized cardholder's employment status such as suspension or termination. Cards must be returned in person to the Finance Department. Cards may not be returned via Interoffice. It is also the responsibility of Department Directors to contact Finance to request additional cards for new or existing employees.

PURCHASING CARD USER AGREEMENT

I agree to the following regarding use of the Purchasing Card for the City of Wilton Manors:

1. I understand that I am making financial commitments on behalf of the City of Wilton Manors and will strive to obtain the best value for the City.
2. I understand that under no circumstances will I use the Purchasing Card to make personal purchases, either for myself or for others.
3. I will keep the Purchasing Card secure at all times and not allow it to be used by anyone other than myself.
4. I have been given a copy of the Purchasing Card Policies and Procedures Manual, received the training and understand the requirements for Purchasing Card use.
5. I will follow the established procedures for use of the Purchasing Card and to follow the Purchasing Procedures as established under section 2-266 through 2-272 of the City of Wilton Manors Code of Ordinances. Failure to do so may result in either loss of privileges or other disciplinary actions, including termination of employment.
6. I agree that should I willfully violate the terms of this Agreement, I will reimburse the City of Wilton Manors for all incurred charges and any fees related to the collection of those charges, and that I may be subject to disciplinary action.

Employee Name (PRINT)

Employee Name (SIGNATURE)

Department/Division (PRINT)

Date: _____

OIG 18-015-M

EXHIBIT 6

J & R Service Center Inc

05/20/2015

4851 Ne12 Th Ave
Oakland Park, FL 33334
(954) 351-6898
Mv32456

Invoice #14315

City Of Wilton Manors

2020 Wilton Drive
Wilton Manors FL 33305
(954) 390-2190 (954) 605-4636

1999 STERLING ACTERRA ML8500 SERIES TILT
CAT 3208C 10.4L TURBO MECHANICAL
Tag 135770 CITY Mileage: 17,637
ID: 2FZHAA5XAF23631 Truck #: 33,000 DUMP

<u>Part No.</u>	<u>Parts</u>	<u>Quantity</u>	<u>Each</u>	
	NEW DASH BOARD	1.00	\$3,761.00	\$3,761.00
				\$3,761.00

Service charges

\$0.00
\$0.00
\$0.00

Subtotal	\$3,761.00
Tax	\$0.00
Total	\$3,761.00

PARTS & LABOR GAURANTEE 1 YEAR OR 12000 MILES
ALL PARTS NEW UNLESS OTHERWISE SPECIFIED
PLEASE READ CAREFULLY,CHECK ONE THE STATEMENTS BELOW ,,AND SIGN
I UNDERSTAND THAT, UNDER STATE LAW,I AM ENTITLED TO A WRITTEN ESTIMATE IF MY
FINAL BILL WILL EXCEED \$100.00 I REQUEST A WRITTEN
ESTIMATE. I DO NOT REQUEST A WRITTEN ESTIMATEAS AS LONG
AS THE REPAIR COST DO NOT EXCEEDS\$_____THE SHOP MAY NOT EXCEED THIS AMOUNT
WITHOUT MY WRITTEN
OR ORAL APPROVAL

_____ I DO NOT REQEST A WRITTEN ESTIMATE

SIGNED _____ DATE _____

*New Dashboard for Sterling Dump Truck
450 S336 5462*

Paid with P-Card
Public Services
Date: 5/20/15
Rcpt Number: 14315
Purchased By: DJA
Please Print Your Name

OIG 18-015-M

EXHIBIT 7

J and R Service Center
4851 NE 12th Avenue
Oakland Park, FL 33334
954-351-6898

Date: 5/20/2015 | Time: 2:48 PM EDT

Trans Type: | Sale
Customer ID: |

Transaction #: | 217760495
Name: | DAVID ARCHACKI
Account: | *****3554
Exp Date: | ****
Card Type: | MASTERCARD
Entry: | Swiped
Invoice #: | 14315
AuthCode: | 020659
Result: | **APPROVED**

Message: | APPROVAL
Batch Number: | 337
Subtotal: | **\$3,761.00**

Total Amt: | **\$3,761.00**

I Agree to Pay Above Total
Amount According to Card
Issuer Agreement (Merchant
Agreement if Credit Voucher)

Signature X



OIG 18-015-M

EXHIBIT 8

J & R Service Center Inc

05/21/2015

4851 Ne12 Th Ave
Oakland Park, FL 33334
(954) 351-6898
Mv32456

Invoice #14326

City Of Wilton Manors

2020 Wilton Drive
Wilton Manors FL 33305
(954) 390-2190 (954) 605-4636

1999 STERLING ACTERRA ML8500 SERIES TILT
CAT 3208C 10.4L TURBO MECHANICAL
Tag 135770 CITY Mileage: 17,637
ID: 2FZHAJAA5XAF23631 Truck #: 33,000 DUMP

<u>Labor</u>	<u>Tech</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
R&R DASH BOARD	DANNY	12.00	\$100.00	\$1,200.00
				<u>\$1,200.00</u>

Service charges

\$0.00
\$0.00
\$0.00

Dump truck 119

Subtotal	<u>\$1,200.00</u>
Tax	<u>\$0.00</u>
Total	<u>\$1,200.00</u>

PARTS & LABOR GAURANTEE 1 YEAR OR 12000 MILES
 ALL PARTS NEW UNLESS OTHERWISE SPECIFIED
 PLEASE READ CAREFULLY,CHECK ONE THE STATEMENTS BELOW ,,AND SIGN
 I UNDERSTAND THAT, UNDER STATE LAW,I AM ENTITLED TO A WRITTEN ESTIMATE IF MY
 FINAL BILL WILL EXCEED \$100.00 _____ I REQUEST A WRITTEN
 ESTIMATE. _____ I DO NOT REQUEST A WRITTEN ESTIMATEAS AS LONG
 AS THE REPAIR COST DO NOT EXCEEDS\$ _____ THE SHOP MAY NOT EXCEED THIS AMOUNT
 WITHOUT MY WRITTEN
 OR ORAL APPROVAL

_____ I DO NOT REQUEST A WRITTEN ESTIMATE

SIGNED *[Signature]* DATE 5-21-15

OIG 18-015-M

EXHIBIT 9

J and R Service Center
4851 NE 12th Avenue
Oakland Park, FL 33334
954-351-6898

Date: 5/21/2015 Time: 4:30 PM EDT

Trans Type: Sale
Customer ID:

Transaction #: 217951927

Name: JASON SHEFFERMAN

Account: *****5989

Exp Date: ****

Card Type: MASTERCARD

Entry: Swiped

Invoice #: 14326

AuthCode: 021618

Result: APPROVED

Message: APPROVAL

Batch Number: 338

Subtotal: \$1,200.00

Total Amt: \$1,200.00

Paid with P-Card

~~Public Services~~

EM/Utilities

Date: _____

Rcpt Number: _____

Purchased By: _____

Please Print Your Name

001.5440.5463.000 \$400.00
401.5333.5463.000 \$400.00
450.5336.5463.000 \$400.00

I Agree to Pay Above Total
Amount According to Card
Issuer Agreement (Merchant
Agreement if Credit Voucher)

Signature X *J. Shefferman*

OIG 18-015-M

EXHIBIT 10

J & R Service Center Inc

4851 Ne12 Th Ave
Oakland Park, FL 33334
(954) 351-6898
Mv32456

Paid with P-Card

~~Public Services~~
EM/Utilities

Invoice #14513

Date: _____
Rcpt Number: _____
Purchased By: John Pich

Please Print Your Name
401.5332.5463.000

07/22/2015

City Of Wilton Manors

2020 Wilton Drive
Wilton Manors FL 33305
(954) 390-2190 (954) 605-4636

2009 FORD F150

Tag XB5717
ID: 1FTRX14W89KA47530

Mileage: 78,038

Truck #: 09-206 *Duty Truck*

Labor
R & R TRANSMISSION (AUTOMATIC)

Tech
DANNY

Hours Rate
6.00 \$100.00

Amount
\$600.00
\$600.00

Part No.

Parts
AUTOMATIC TRANSMISSION(REBUILT)
AUTOMATIC TRANSMISSION FLUID

Quantity Each
1.00 \$1,400.00
16.00 \$5.70

\$1,400.00
\$91.20
\$1,491.20

Service charges

\$0.00
\$0.00
\$0.00

Subtotal \$2,091.20
Tax \$0.00
Total \$2,091.20

PARTS & LABOR GAURANTEE 1 YEAR OR 12000 MILES

ALL PARTS NEW UNLESS OTHERWISE SPECIFIED

PLEASE READ CAREFULLY, CHECK ONE THE STATEMENTS BELOW ,, AND SIGN

I UNDERSTAND THAT, UNDER STATE LAW, I AM ENTITLED TO A WRITTEN ESTIMATE IF MY

FINAL BILL WILL EXCEED \$100.00 _____ I REQUEST A WRITTEN ESTIMATE.

AS THE REPAIR COST DO NOT EXCEEDS \$_____ I DO NOT REQUEST A WRITTEN ESTIMATE AS LONG

WITHOUT MY WRITTEN OR ORAL APPROVAL _____ THE SHOP MAY NOT EXCEED THIS AMOUNT

OR ORAL APPROVAL

_____ I DO NOT REQUEST A WRITTEN ESTIMATE

SIGNED *John Pich* DATE 7/22/15

J and R Service Center
4851 NE 12th Avenue
Oakland Park, FL 33334
954-351-6898

Date: 7/22/2015 | Time: 11:27 AM EDT

Trans Type: | Sale
Customer ID: |

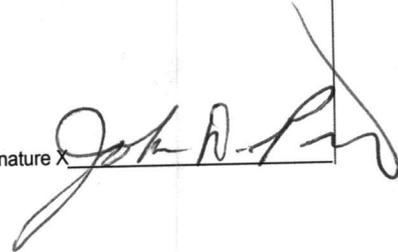
Transaction #: | 227298746
Name: | JOHN PILCH
Account: | *****2314
Exp Date: | ****
Card Type: | MASTERCARD
Entry: | Swiped
Invoice #: | 14513
AuthCode: | 022416
Result: | **APPROVED**

Message: | APPROVAL
Batch Number: | 374
Subtotal: | **\$2,091.20**

Total Amt: | **\$2,091.20**

I Agree to Pay Above Total
Amount According to Card
Issuer Agreement (Merchant
Agreement if Credit Voucher)

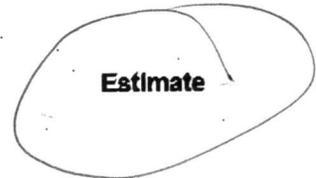
Signature X



J & R Service Center Inc

4851 Ne12 Th Ave
 Oakland Park, FL 33334
 (954) 351-6898
 Mv32456

07/07/2015



City Of Wilton Manors

2020 Wilton Drive
 Wilton Manors FL 33305
 (954) 390-2190 (954) 605-4636

2009 FORD F150

Tag XB5717
 ID: 1FTRX14W89KA47530

Mileage: 78,038
 Truck #: 09-208

<u>Labor</u>	<u>Tech</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
R & R TRANSMISSION (AUTOMATIC)	CRUZ	9.30	\$100.00	\$930.00
				\$930.00

Part No.

Parts

AUTOMATIC TRANSMISSION(REBUILT)
 AUTOMATIC TRANSMISSION FLUID

<u>Quantity</u>	<u>Each</u>	
1.00	\$2,307.00	\$2,307.00
16.00	\$5.70	\$91.20
		\$2,398.20

Service charges

HAZARDOUS WASTE FEE
 SHOP SUPPLIES

\$3.00
 \$3.00
 \$0.00
 \$0.00
\$6.00

Subtotal	\$3,334.20
Tax	\$0.00
Total	\$3,334.20

PARTS & LABOR GAURANTEE 1 YEAR OR 12000 MILES

ALL PARTS NEW UNLESS OTHERWISE SPECIFIED

PLEASE READ CAREFULLY,CHECK ONE THE STATEMENTS BELOW ,,AND SIGN

I UNDERSTAND THAT, UNDER STATE LAW,I AM ENTITLED TO A WRITTEN ESTIMATE IF MY

FINAL BILL WILL EXCEED \$100.00

ESTIMATE. I REQUEST A WRITTEN

AS THE REPAIR COST DO NOT EXCEEDS\$ _____ I DO NOT REQUEST A WRITTEN ESTIMATEAS AS LONG

WITHOUT MY WRITTEN

OR ORAL APPROVAL

_____ I DO NOT REQUEST A WRITTEN ESTIMATE

SIGNED J.R. P. DATE 7/22/15

OIG 18-015-M

EXHIBIT 11

J & R Service Center Inc

08/02/2016

4851 Ne12 Th Ave
Oakland Park, FL 33334
(954) 351-6898
Mv32456

Invoice #15570

City Of Wilton Manors

2001 NEW HOLLAND BACK HOE

2020 Wilton Drive

Wilton Manors FL 33305

(954) 390-2190 (954) 605-4636

Tag ID:

Mileage: 2,832

Truck #: 202

<u>Labor</u>	<u>Tech</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
R&R HYDRO LINE & OIL LUBE FILTER	RICHIE JR	2.00	\$100.00	\$200.00
				\$200.00

<u>Part No.</u>	<u>Parts</u>	<u>Quantity</u>	<u>Each</u>	
	OIL 15/40	18.00	\$4.00	\$72.00
	OIL FILTER	1.00	\$35.00	\$35.00
	HYDR LINE	1.00	\$125.00	\$125.00
				\$232.00

Service charges

\$0.00

\$0.00

\$0.00

Subtotal	\$432.00
Tax	\$0.00
Total	\$432.00

PARTS & LABOR GAURANTEE 1 YEAR OR 12000 MILES

ALL PARTS NEW UNLESS OTHERWISE SPECIFIED

PLEASE READ CAREFULLY,CHECK ONE THE STATEMENTS BELOW ,,AND SIGN

I UNDERSTAND THAT, UNDER STATE LAW,I AM ENTITLED TO A WRITTEN ESTIMATE IF MY

FINAL BILL WILL EXCEED \$100.00 I REQUEST A WRITTEN

ESTIMATE. I DO NOT REQUEST A WRITTEN ESTIMATEAS AS LONG

AS THE REPAIR COST DO NOT EXCEEDS\$_____THE SHOP MAY NOT EXCEED THIS AMOUNT

WITHOUT MY WRITTEN

OR ORAL APPROVAL

_____ I DO NOT REQUEST A WRITTEN ESTIMATE

SIGNED *[Signature]* DATE 8-2-16

OIG 18-015-M

EXHIBIT 12

J & R Service Center Inc

07/20/2016

4851 Ne12 Th Ave
Oakland Park, FL 33334
(954) 351-6898
Mv32456

Invoice #15571

City Of Wilton Manors

2020 Wilton Drive
Wilton Manors FL 33305
(954) 390-2190 (954) 605-4636

2001 NEW HOLLAND BACK HOE

Tag Mileage: 2,832
ID: Truck #: 202

<u>Labor</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
R&R RIGHT RAM LEG & PIN	5.00	\$100.00	\$500.00
REBUILD RAM	1.00	\$100.00	\$100.00
			\$600.00

<u>Part No.</u>	<u>Parts</u>	<u>Quantity</u>	<u>Each</u>	
	RIGHT SIDE RAM LEG RESEAL KIT	1.00	\$168.00	\$168.00
	HYDR FLUID	10.00	\$8.00	\$80.00
				\$248.00

<u>Service charges</u>	
	\$0.00
	\$0.00
	\$0.00

Subtotal	\$848.00
Tax	\$0.00
Total	\$848.00

PARTS & LABOR GAURANTEE 1 YEAR OR 12000 MILES
ALL PARTS NEW UNLESS OTHERWISE SPECIFIED
PLEASE READ CAREFULLY,CHECK ONE THE STATEMENTS BELOW ,,AND SIGN
I UNDERSTAND THAT, UNDER STATE LAW,I AM ENTITLED TO A WRITTEN ESTIMATE IF MY
FINAL BILL WILL EXCEED \$100.00 _____ I REQUEST A WRITTEN
ESTIMATE. _____ I DO NOT REQUEST A WRITTEN ESTIMATEAS AS LONG
AS THE REPAIR COST DO NOT EXCEED\$_____THE SHOP MAY NOT EXCEED THIS AMOUNT
WITHOUT MY WRITTEN
OR ORAL APPROVAL

_____ I DO NOT REQUEST A WRITTEN ESTIMATE

SIGNED *J. S. [Signature]* DATE 8-2-16

OIG 18-015-M

EXHIBIT 13

J and R Service Center
4851 NE 12th Avenue
Oakland Park, FL 33334
954-351-6898

Date: 8/2/2016 Time: 4:38 PM EDT

Trans Type: Sale
Customer ID:

Transaction #: 276003068
Name: JASON SHEFFERMAN
Account: *****4709

Exp Date: ****
Card Type: MASTERCARD

Entry: Swiped
Invoice #: 15570

AuthCode: 002615
Result: APPROVED

Message: APPROVAL
Batch Number: 588

Subtotal: \$432.00

Total Amt: \$432.00

Paid with P-Card

~~Public Services~~

EM/Utilities

Date: _____

Rcpt Number: _____

Purchased By: _____

Please Print Your Name

450,5336.5463.000

R&R Hydro lme / Full service

I Agree to Pay Above Total
Amount According to Card
Issuer Agreement (Merchant
Agreement if Credit Voucher)

Signature X 

OIG 18-015-M

EXHIBIT 14

J and R Service Center
4851 NE 12th Avenue
Oakland Park, FL 33334
954-354-6898

Date: 8/2/2016 Time: 4:39 PM EDT

Trans Type: Sale
Customer ID:

Transaction #: 276003352
Name: JASON SHEFFERMAN
Account: *****4709
Exp Date: ****
Card Type: MASTERCARD
Entry: Swiped
Invoice #: 15571
AuthCode: 002479
Result: APPROVED

Message: APPROVAL
Batch Number: 588
Subtotal: \$848.00

Total Amt: \$848.00

I Agree to Pay Above Total
Amount According to Card
Issuer Agreement (Merchant
Agreement if Credit Voucher)

Signature X 

Paid with P-Card
~~Public Services~~

Date: EM/Utilities

Rcpt Number: _____

Purchased By: _____

Please Print Your Name

450.5336.5463.000

Right Ram leg Seal R & R

OIG 18-015-M

EXHIBIT 15

J&R Service Center, Inc.

4851 NE 12th Avenue
FL 33334

Invoice

Date	Invoice #
9/22/2014	0100

Bill To
CITY OF WILTON MANORS 2020 WILTON DRIVE WILTON MANORS, FL 33305

P.O. No.	Terms	Project
	Net 30	

Quantity	Description	Rate	Amount
	LABOR TO REPAIR ESTATE FENCE AT I.C.P.P.	535.00	535.00
	MATERIAL TO REPAIR FENCE AT I.C.P.P.	450.00	450.00
		RECEIVED SEP 25 2014 BY: _____	
		<i>001. 5779. 5467.000</i> <i>ESTATE FENCE REPAIRS</i>	
		<i>ESAJZ</i>	
		Total	\$985.00

OIG 18-015-M

EXHIBIT 16

J&R Service Center, Inc.

4851 NE 12th Avenue
Oakland Park, FL 33334

Invoice

Date	Invoice #
10/8/2014	0101

Bill To
CITY OF WILTON MANORS 2020 WILTON DRIVE WILTON MANORS, FL 33305

P.O. No.	Terms	Project
	Net 30	

Quantity	Description	Rate	Amount
1	BUILD AND INSTALL NEW ENTRANCE GATE AT RICHARDSON PARK	2,815.00	2,815.00
		001.5779.5467.000 ENTRANCE GATE FOR RICHARDSON PARK	
		CC Tony #129 TROPIC FENCE \$4370.00 QUINIAN FENCE \$3500.00	
Total			\$2,815.00

E. SAZ

OIG 18-015-M

**COMPOSITE
EXHIBIT 17**

J & R Service Center Inc

12/22/2016

4851 Ne12 Th Ave
Oakland Park, FL 33334
(954) 351-6898
Mv32456

Invoice #15977

City Of Wilton Manors

2020 Wilton Drive
Wilton Manors FL 33305
(954) 390-2190 (954) 605-4636

2009 FORD F150

Tag XB5717
ID: 1FTRX14W89KA47530

Mileage: 93,668
Truck #: 09-206

<u>Labor</u>	<u>Tech</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
R&R ABS SENSOR	JOE	1.00	\$100.00	\$100.00
				\$100.00

<u>Part No.</u>	<u>Parts</u>	<u>Quantity</u>	<u>Each</u>	
	OIL LUBE FILTER	1.00		\$30.00
	ABS SENSOR	1.00		\$93.00
				\$123.00

Service charges

\$0.00
\$0.00
\$0.00

Subtotal	\$223.00
Tax	\$0.00
Total	\$223.00

PARTS & LABOR GAURANTEE 1 YEAR OR 12000 MILES

ALL PARTS NEW UNLESS OTHERWISE SPECIFIED

PLEASE READ CAREFULLY,CHECK ONE THE STATEMENTS BELOW ,,AND SIGN

I UNDERSTAND THAT, UNDER STATE LAW,I AM ENTITLED TO A WRITTEN ESTIMATE IF MY

FINAL BILL WILL EXCEED \$100.00 I REQUEST A WRITTEN

ESTIMATE. I DO NOT REQUEST A WRITTEN ESTIMATEAS AS LONG

AS THE REPAIR COST DO NOT EXCEEDS\$ THE SHOP MAY NOT EXCEED THIS AMOUNT

WITHOUT MY WRITTEN

OR ORAL APPROVAL

_____ I DO NOT REQUEST A WRITTEN ESTIMATE

SIGNED *J. B. [Signature]* DATE 1-3-17

J & R Service Center Inc

12/22/2016

4851 Ne12 Th Ave
Oakland Park, FL 33334
(954) 351-6898
Mv32456

Invoice #15977

City Of Wilton Manors

2020 Wilton Drive

Wilton Manors FL 33305

(954) 390-2190 (954) 605-4636

2009 FORD F150

Tag XB5717

ID: 1FTRX14W89KA47530

Mileage: 93,668

Truck #: 09-206

Part No.

Parts

OIL LUBE FILTER
ABS SENSOR

Quantity

Each

1.00
1.00

\$30.00
\$93.00
\$123.00

Service charges

HAZARDOUS WASTE FEE
SHOP SUPPLIES

\$3.00
\$3.00
\$0.00
\$0.00
\$6.00

*401 5333 5463
Truck Repairs
09-206*

Subtotal

\$129.00

Tax

\$0.00

Total

\$129.00

PARTS & LABOR GAURANTEE 1 YEAR OR 12000 MILES

ALL PARTS NEW UNLESS OTHERWISE SPECIFIED

PLEASE READ CAREFULLY, CHECK ONE THE STATEMENTS BELOW ,, AND SIGN

I UNDERSTAND THAT, UNDER STATE LAW, I AM ENTITLED TO A WRITTEN ESTIMATE IF MY
FINAL BILL WILL EXCEED \$100.00 _____ I REQUEST A WRITTEN

ESTIMATE. _____ I DO NOT REQUEST A WRITTEN ESTIMATE AS LONG

AS THE REPAIR COST DO NOT EXCEEDS \$_____ THE SHOP MAY NOT EXCEED THIS AMOUNT

WITHOUT MY WRITTEN
OR ORAL APPROVAL

_____ I DO NOT REQUEST A WRITTEN ESTIMATE

SIGNED  DATE 12/22/16



OIG 18-015-M

EXHIBIT 18

1/3/2017

VTReceipt

J and R Service Center
4851 NE 12th Avenue
Oakland Park, FL 33334
954-351-6898

Date: 1/3/2017 Time: 10:32 AM EST

Trans Type: Sale
Customer ID:

Transaction #: 291163989
Name: JASON SHEFFERMAN
Account: *****4709
Exp Date: *****
Card Type: MASTERCARD
Entry: Swiped
Invoice #: 15977
AuthCode: 003931
Result: APPROVED

Message: APPROVAL
Batch Number: 672
Subtotal: \$223.00

Total Amt: \$223.00

I Agree to Pay Above Total
Amount According to Card
Issuer Agreement (Merchant
Agreement if Credit Voucher)

Signature X 

Paid with P-Card
~~Public Services~~
EM/Utilities

Date: _____
Rcpt Number: _____
Purchased By: _____
Please Print Your Name

401.5332.5463.000

OIG 18-015-M

EXHIBIT 19

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RESOLUTION NO. 2019-111

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A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF WILTON MANORS, FLORIDA, APPROVING AND AUTHORIZING THE PROPER CITY OFFICIALS OF THE CITY OF WILTON MANORS TO EXECUTE AN AGREEMENT WITH MARLOU, INC., D/B/A G&S PERFORMANCE AUTO REPAIRS FOR VEHICLE AND EQUIPMENT MAINTENANCE SERVICES; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

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WHEREAS, the City has issued a Invitation to Bid for Vehicle and Equipment Maintenance Services, ITB # 2019-08 (“ITB”); and

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WHEREAS, in compliance with the bidding requirements announced by the City, Marlou, Inc., d/b/a G&S Performance Auto Repairs submitted a response to the ITB on October 1, 2019 (“Response”); and

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WHEREAS, on November 5, 2019, in accordance with the bidding requirements announced in the ITB, the City’s Evaluation Committee ranked Marlou, Inc., d/b/a G&S Performance Auto Repairs number 1, and recommended that the City enter into the Agreement with Marlou, Inc., d/b/a G&S Performance Auto Repairs; and

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WHEREAS, on December 10, 2019, the City Commission accepted the recommendation from the City’ Evaluation Committee and authorized the execution of the Agreement; and

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WHEREAS, the City Commission of the City of Wilton Manors deems it beneficial to enter into an Agreement with Marlou, Inc., d/b/a G&S Performance Auto Repairs for Vehicle and Equipment Maintenance Services.

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NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF WILTON MANORS, FLORIDA, THAT:

1 **Section 1.** The “WHEREAS” clauses set forth above are true and correct and are
2 incorporated herein by this reference.

3 **Section 2.** The City Commission of the City of Wilton Manors hereby approves
4 the terms and conditions of the Agreement with Marlou, Inc., d/b/a G&S Performance
5 Auto Repairs for Vehicle and Equipment Maintenance Services, said Agreement having
6 been submitted for consideration to the City Commission in written form, a copy of which
7 is attached hereto and made a part hereof.

8 **Section 3.** The proper City Officials of the City of Wilton Manors are hereby
9 authorized and directed to execute said Agreement.

10 **Section 4.** All Resolutions or parts of Resolutions in conflict herewith, be and the
11 same are repealed to the extent of such conflict.

12 **Section 5.** If any section, sentence, clause or phrase of this Resolution is held to be
13 invalid or unconstitutional by any court of competent jurisdiction, then said holding shall
14 in no way affect the validity of the remaining portions of this Resolution.

15 **Section 6.** This Resolution shall become effective immediately upon its passage
16 and adoption.

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1 PASSED AND ADOPTED BY THE CITY COMMISSION OF THE CITY OF
2 WILTON MANORS, FLORIDA, THIS 10th DAY OF DECEMBER, 2019.

3
4 CITY OF WILTON MANORS, FLORIDA

5
6
7 By: Justin S. Flippen
8 JUSTIN S. FLIPPEN, MAYOR

9
10 ATTEST:
11 Faith Lombardo
12 FAITH LOMBARDO
13 CITY CLERK

RECORD OF COMMISSION VOTE

MAYOR FLIPPEN aye
VICE MAYOR GREEN aye
COMMISSIONER CARSON aye
COMMISSIONER RESNICK aye
COMMISSIONER ROLLI aye

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17 I HEREBY CERTIFY that I have
18 approved the form of this Resolution.

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21 Kerry L. Ezrol
22 KERRY L. EZROL, ESQ.
23 CITY ATTORNEY
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VEHICLE AND EQUIPMENT MAINTENANCE AGREEMENT

THIS IS AN AGREEMENT ("Agreement"), dated the 10th day of December, 2019 between:

THE CITY OF WILTON MANORS, Florida, a Florida municipal corporation, hereinafter referred to as "CITY",

and

MARLOU, INC., a Florida corporation d/b/a G&S PERFORMANCE AUTO REPAIRS, hereinafter referred to as "CONTRACTOR".

CITY and CONTRACTOR may each be referred to herein as party or, collectively, as parties.

WITNESSETH:

In consideration of the mutual terms and conditions, promises, covenants and payments hereinafter set forth, CITY and CONTRACTOR agree as follows:

SECTION 1 PREAMBLE

1.1 In order to establish the background, context and frame of reference for this Agreement and to generally express the objectives and intentions of the respective parties herein, the following statements, representations and explanations shall be accepted as predicates for the undertakings and commitments included within the provisions which follow and may be relied upon by the parties as essential elements of the mutual considerations upon which this Agreement is based.

1.2 On August 27, 2019, the CITY issued an Invitation to Bid 2019-08 for Vehicle and Equipment Maintenance Services ("ITB"). The ITB is incorporated herein by this reference.

1.3 On October 1, 2019, the CITY received three proposals in response to the ITB. One of the bidders was disqualified. CONTRACTOR'S response to the ITB is incorporated herein by this reference.

1.4 On November 5, 2019, the Evaluation Committee determined CONTRACTOR to be the lowest, responsible, and responsive bidder and recommended that the City Commission approve this Agreement.

1.5 On December 10, 2019, the City Commission of CITY determined CONTRACTOR to be the lowest, responsible, and responsive bidder, and approved this Agreement.

SECTION 2 SCOPE OF SERVICES

2.1 The CONTRACTOR shall furnish all of the materials, tools, supplies, and labor necessary to perform all of the work described in the ITB (the "Services"). All Services shall be completed

within the time frames outlined in the ITB or as otherwise agreed between CITY and CONTRACTOR.

2.2 CONTRACTOR shall furnish all Services, labor, equipment, and materials necessary and as may be required in the performance of this Agreement and all work performed under this Agreement shall be done in a professional manner.

2.3 CONTRACTOR hereby represents to CITY, with full knowledge that CITY is relying upon these representations when entering into this Agreement with CONTRACTOR, that CONTRACTOR has the professional expertise, experience and labor to perform the Services.

2.4 CONTRACTOR assumes professional and technical responsibility for performance of the Services to be provided hereunder in accordance with recognized professional standards of good automotive practice.

2.5 CONTRACTOR shall not utilize the services of any sub-consultant without the prior written approval of CITY.

2.6 CONTRACTOR shall comply with the provisions of Sections 2-268(v), 2-269(b) and 2-270 of the Wilton Manors Code of Ordinances. CONTRACTOR shall require that all subcontractors comply with Section 2-269 (b) of the Wilton Manors Code of Ordinances. CONTRACTOR shall comply with all applicable provisions of federal, state and local equal employment laws and shall not engage in or commit any discriminatory practice against any person based on race, color, creed, religion, national origin, ancestry, age above the age of 21, sexual orientation, gender identity or expression, marital status, pregnancy, familial status, veterans status, political affiliation, or physical or mental disability and such person's association with members of such classes or in retaliation for or opposition to any such practices against any employee of, any City employee working with, or applicant for employment or any other factor which cannot be lawfully used as a basis for service delivery.

2.7 In the event of a conflict between the ITB and this Agreement the terms contained in this Agreement shall prevail.

SECTION 3 PAYMENT AND TERM

3.1 The CITY hereby agrees to pay CONTRACTOR pursuant the terms and conditions set forth in the ITB and the CONTRACTOR's response to the ITB.

3.2 CONTRACTOR will invoice the CITY for Services performed when Services are completed. Upon confirmation of satisfactory completion of the Services performed, and approval by the CITY, the CITY will pay CONTRACTOR for the Services performed.

3.3 The CITY shall pay the CONTRACTOR through payment issued by the Finance Department in accordance with the Florida Local Government Prompt Payment Act, Chapter 218, Florida Statutes, upon receipt of the CONTRACTOR's invoice and written approval of same by the CITY that the Services have been rendered in conformity with this Agreement. The CONTRACTOR shall submit an

invoice for payment to the CITY for those specific tasks as described in the Scope of Services that were completed during that invoicing period.

3.4 CITY and CONTRACTOR hereby agree that the term of this Agreement shall be for a period of three years commencing on December 10, 2019 ("Term").

3.5 The City may, at its sole discretion, renew the Term of this Agreement for two (2) additional Terms of two (2) years each ("Renewal Terms"). The CITY shall provide written notice to CONTRACTOR if the CITY intends to exercise its option within fifteen (15) days prior to the expiration of the Term or Renewal Term. All terms and provisions of each Renewal Term shall be in accordance with the terms and provision of this Agreement, except there shall be no additional extensions beyond the second Renewal Term.

SECTION 4 PROTECTION OF PROPERTY

4.1 The CITY reserves the right to issue a stop work order to the CONTRACTOR for unsatisfactory performance of any obligations of this Agreement at any time the CITY determines the CONTRACTOR is not meeting the expectations of this Agreement, or for any breaches by CONTRACTOR of its obligations hereunder.

SECTION 5 CHANGES TO SCOPE OF WORK AND ADDITIONAL WORK

CITY or CONTRACTOR may request changes that would increase, decrease or otherwise modify the Scope of Services to be provided under this Agreement. Such changes or additional services must be in accordance with the provisions of the Code or Ordinances of the CITY and must be contained in a written amendment, executed by the parties hereto, with the same formality and with equality and dignity prior to any deviation from the terms of this Agreement, including the initiation of any additional or extra work. In no event will the CONTRACTOR be compensated for any work which has not been described in a separate written agreement executed by the parties hereto, and approved by the CITY Commission.

SECTION 6 MISCELLANEOUS

6.1 Ownership of Documents. Reports, surveys, plans, studies and other data provided in connection with this Agreement are and shall remain the property of CITY whether or not the project for which they are made is completed. CITY hereby agrees to use CONTRACTOR'S work product for its intended purposes.

6.2 Term and Termination.

This Agreement may be terminated by either party for cause, or by CITY for convenience, upon thirty (30) days written notice by the one party to the other. In the event of termination for convenience by the CITY or for cause by CONTRACTOR the CONTRACTOR shall be paid its compensation for Services performed to termination date. In the event that the CONTRACTOR

abandons this Agreement or causes it to be terminated, it shall indemnify the CITY against any loss pertaining to this termination up to a maximum of the full contracted fee amount. All finished or unfinished documents, data, studies, plans, surveys, and reports prepared by CONTRACTOR shall become the property of CITY and shall be delivered by CONTRACTOR to CITY immediately.

In the event CONTRACTOR breaches this Agreement, the CITY shall provide written notice of the breach to CONTRACTOR and CONTRACTOR shall have ten (10) days from the date the notice is received to cure the default. If CONTRACTOR fails to cure within the ten (10) days, the City Manager or designee shall have the right to immediately terminate the Agreement and/or refuse to make any additional payment, in whole or in part, and, if necessary, may demand the return of a portion or the entire amount previously paid to CONTRACTOR due to:

1. The quality of a portion or all of the CONTRACTOR's work not being in accordance with the requirements of this Agreement;
2. The quantity of the CONTRACTOR's work not being as represented in the CONTRACTOR's Payment Request, or otherwise;
3. Loss caused by the CONTRACTOR;
7. The CONTRACTOR's failure or refusal to perform any of the obligations to the CITY, after written notice and a reasonable opportunity to cure as set forth above.

In the event that the CITY makes written demand upon the CONTRACTOR for amounts previously paid by the CITY as contemplated in the clause, the CONTRACTOR shall promptly comply with such demand. The CITY's rights hereunder survive the term of this Agreement, and are not waived by final payment and/or acceptance.

In the event the CITY breaches the Agreement, the CONTRACTOR shall provide written notice of the breach to the CITY and CITY shall have 30 days from the date of receipt to cure the default.

6.3 This Agreement shall take effect as of the date of execution as shown herein below and continue until the Services are complete.

6.4 Records. CONTRACTOR shall keep books and records and require any and all subcontractors to keep books and records as may be necessary in order to record complete and correct entries as to personnel hours charged to this engagement, and any expenses for which CONTRACTOR expects to be reimbursed. Such books and records will be available at all reasonable times for examination and audit by CITY and shall be kept for a period of three (3) years after the completion of all work to be performed pursuant to this Agreement. Incomplete or incorrect entries in such books and records will be grounds for disallowance by CITY of any fees or expenses based upon such entries.

6.5 Indemnification.

6.5.1 CONTRACTOR shall indemnify and save harmless and defend the CITY, its trustees, elected and appointed officials, agents, servants and employees from and against any and all claims, demands, or causes of action of whatsoever kind or nature sustained by the CITY or

any third party arising out of, or by reason of, or resulting from acts, error, omission, or negligent act of CONTRACTOR, its agents, servants or employees in the performance under this Agreement, for all costs, losses and expenses, including but not limited to, damages to persons or third party property, judgments and attorneys' fees arising out of or in connection with the performance by CONTRACTOR pursuant to this Agreement.

6.5.2 CONTRACTOR shall indemnify CITY for all loss, damage, expense or liability including, without limitation, court costs and attorneys' fees that may result by reason of any infringement or claim of infringement of any patent, trademark, copyright, trade secret or other proprietary right due to services furnished pursuant to this Agreement. CONTRACTOR will defend and/or settle at its own expense any action brought against the CITY to the extent that it is based on a claim that products or services furnished to CITY by CONTRACTOR pursuant to this Agreement, or if any portion of the services or goods furnished in the performance of the service becomes unusable as a result of any such infringement or claim.

6.5.3 Furthermore, the parties understand and agree that the covenants and representations relating to this indemnification provision shall survive the termination or expiration of this Agreement and continue in full force and effect as to the party's responsibility to indemnify.

6.6 Insurance. See Paragraph 6.12 of the ITB

6.7 Independent Contractor. This Agreement does not create an employee/employer relationship between the parties. It is the intent of the parties that the CONTRACTOR is an independent contractor under this Agreement and not the CITY'S employee for all purposes, including but not limited to, the application of the Fair Labor Standards Act minimum wage and overtime payments, Federal Insurance Contribution Act, the Social Security Act, the Federal Unemployment Tax Act, the provisions of the Internal Revenue Code, the State Workers Compensation Act, and the State unemployment insurance law. The CONTRACTOR shall retain sole and absolute discretion in the judgment of the manner and means of carrying out CONTRACTOR'S activities and responsibilities hereunder provided, further that administrative procedures applicable to services rendered under this Agreement shall be those of CONTRACTOR, which policies of CONTRACTOR shall not conflict with CITY, H.U.D., or United States policies, rules or regulations relating to the use of CONTRACTOR'S Funds provided for herein.. The CONTRACTOR agree that it is a separate and independent enterprise from the CITY, that it has full opportunity to find other business, that it has make its own investment in its business, and that it will utilize a high level of skill necessary to perform the work. This Agreement shall not be construed as creating any joint employment relationship between the CONTRACTOR and the CITY and the CITY will not be liable for any obligation incurred by CONTRACTOR, including but not limited to unpaid minimum wages and/or overtime premiums.

6.8 Assignments; Amendments.

This Agreement, or any interest herein, shall not be assigned, transferred or otherwise encumbered, under any circumstances, by CONTRACTOR without the prior written consent of CITY. For purposes of this Agreement, any change of ownership of CONTRACTOR shall constitute an assignment which requires CITY approval. However, this Agreement shall run to the CITY and its successors and assigns.

It is further agreed that no modification, amendment or alteration in the terms or conditions contained here shall be effective unless contained in a written document executed with the same formality and of equal dignity herewith.

6.9 No Contingent Fees. CONTRACTOR warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for the CONTRACTOR to solicit or secure this Agreement, and that it has not paid or agreed to pay any person, company, corporation, individual or firm, other than a bona fide employee working solely for CONTRACTOR any fee, commission, percentage, gift, or other consideration contingent upon or resulting from the award or making of this Agreement. For the breach or violation of this provision, the CITY shall have the right to terminate the Agreement without liability at its discretion, to deduct from the contract price, or otherwise recover the full amount of such fee, commission, percentage, gift or consideration.

6.10 Notice. Whenever any party desires to give notice unto any other party, it must be given by written notice, sent by certified United States mail, with return receipt requested, addressed to the party for whom it is intended and the remaining party, at the places last specified, and the places for giving of notice shall remain such until they shall have been changed by written notice in compliance with the provisions of this section. For the present, the CONTRACTOR and the CITY designate the following as the respective places for giving of notice:

CITY: Leigh Ann Henderson, City Manager
City of Wilton Manors
2020 Wilton Drive
Wilton Manors, Florida 33305

Copy To: Kerry L. Ezrol, City Attorney
Goren, Cherof, Doody & Ezrol, P.A.
3099 East Commercial Boulevard, Suite 200
Fort Lauderdale, Florida 33308

CONTRACTOR: George Louvaris, President
Marlou, Inc d/b/a G&S Performance Auto Repairs
4306 NE 11th Ave
Fort Lauderdale, FL 33334

6.11 Binding Authority. Each person signing this Agreement on behalf of either party individually warrants that he or she has full legal power to execute this Agreement on behalf of the party for whom he or she is signing, and to bind and obligate such party with respect to all provisions contained in this Agreement.

6.12 Legal Representation. It is acknowledged that each party was represented by counsel in the preparation of and contributed equally to the terms and conditions of this Agreement and, accordingly, the rule that a contract shall be interpreted strictly against the party preparing same shall not apply herein due to the joint contributions of both parties.

6.13 Headings. Headings herein are for convenience of reference only and shall not be considered on any interpretation of this Agreement.

6.14 Exhibits. Each Exhibit referred to in this Agreement forms an essential part of this Agreement. The exhibits if not physically attached should be treated as part of this Agreement and are incorporated herein by reference.

6.15 Severability. If any provision of this Agreement or application thereof to any person or situation shall to any extent, be held invalid or unenforceable, the remainder of this Agreement, and the application of such provisions to persons or situations other than those as to which it shall have been held invalid or unenforceable shall not be affected thereby, and shall continue in full force and effect, and be enforced to the fullest extent permitted by law.

6.16 Governing Law. This Agreement shall be governed by the laws of the State of Florida with venue lying in Broward County, Florida.

6.17 Extent of Agreement. This Agreement represents the entire and integrated agreement between the CITY and the CONTRACTOR and supersedes all prior negotiations, representations or agreements, either written or oral.

6.18 Facsimile. Facsimile or Electronic Signature Deemed Original and Counterparts. This Agreement and any amendment or addendum thereto, may be executed and distributed by facsimile or electronically by pdf and a copy of the Agreement executed and distributed by facsimile or electronically by pdf shall be deemed an original for all purposes. The Agreement and any amendment or addendum thereto may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement. The Parties agree that signatures by facsimile and/or .pdf are acceptable and binding.

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OIG 18-015-M

APPENDIX A

City of Wilton Manors

2020 Wilton Drive • Wilton Manors, Florida 33305 • (954) 390-2120 • FAX (954) 390-2199



Life's Just Better Here

October 20, 2020

John W. Scott, Inspector General
Broward Office of the Inspector General
1 N. University Drive, Suite 111
Plantation, FL 33324

Re: OIG Preliminary Report, Ref. No. OIG 18-015-M

Dear Mr. Scott:

The City of Wilton Manors (City) has received and reviewed the Office of the Inspector General (OIG) Preliminary Report referenced above and appreciates the opportunity to provide a response.

The OIG investigation found that city employees engaged in misconduct by violating the city's purchasing code in the acquisition of services from a city vendor. The City notes that the Broward County Charter defines "misconduct" as "any violation of the state or federal constitution, any state or federal statute or code, any county or municipal ordinance or code; or any conduct involving fraud, corruption or abuse." Thus, intent is not necessary and even technical violations are deemed "misconduct." The City believes this is a noteworthy distinction as the OIG has identified errors by city employees, but not intentional misconduct or violation of any law.

As was noted in the Preliminary Report, the City was cooperative throughout the investigation and initiated corrective actions as issues arose during the investigation, demonstrating the City's willingness to improve its processes and prevent future violations. These steps, as well as the City's continued action plan addressing the procurement and internal control issues identified in the Preliminary Report, are detailed as follows:

Acquisition of motor vehicle repair and non-motor vehicle related goods and services

The Preliminary Report identified deficiencies in procuring services from the City's former vendor, J & R Service Center including that there was no contract in place and that labor rates increased over time.

In August, 2019, the City issued a Invitation to Bid for vehicle maintenance services. This process ensured competition, vetting of the selected vendor, and established rates.

Training

The OIG identified that staff procurement training was inadequate.

City of Wilton Manors

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In January, 2019, the City's Finance Director and Assistant Director conducted multiple staff training sessions that covered the City's procurement policies and procedures (Attachment I). Among other things, these sessions covered the topics of: avoiding personal relationships with vendors that can be construed as a conflict of interest or raise the question of impropriety; the purchasing Ordinance; competitive procurements; unauthorized purchases and the prohibition of splitting purchases; and areas for improvement. Staff training continues to be ongoing.

Internal Controls

In the Preliminary Report, the OIG cites a need for improved internal controls in the City's purchasing to ensure that: vendor activity reports are checked to prevent duplicate payments and large aggregate payments in lieu of a contract; that employees utilize established city contracts or standards; and that the final reviewers in procurement identify and rectify potential violations.

The City will ensure an improved process of reviewing vendor payment activity. The OIG cites an instance of a duplicate payment made to J & R in the amount of \$129. Staff does review vendor activity to identify and prevent potential instances of duplicate payments, however, in this occurrence the invoice number was incorrectly entered into the account payable system. This duplicate payment was a result of human error rather than lack of a preventative control.

City staff will establish a process to vet, validate, and set up vendors. An internal list of active contracts will be provided on the City's intranet and communication will be provided to staff regarding how to identify and utilize a pre-approved vendor agreement.

The City is in the process of developing a new purchasing manual and will provide a program of initial and ongoing training. The Finance Director has revised the process for reviews of purchases of goods and services and is developing accountability measures for missing quotations. The City will also review and revise the P-Card policy, update the P-Card user manual, and provide citywide employee training.

The City thanks the staff of the OIG for the thorough review and recommendations that have guided the City through these improvements.

Sincerely,



Leigh Ann Henderson
City Manager

cc: Acting Mayor and City Commissioners
Kerry Ezrol, City Attorney

ATTACHMENT I



Life's Just Better Here

PROCUREMENT ORDINANCE AND PURCHASING POLICIES & PROCEDURES

Presented by:

Finance Department
January 16, 2019

Purchasing with Public Money

- We are required to follow the purchasing guidelines set by the City Code.
- We must strive to ensure that the City receives the best value for the tax dollars that are expended.
- Remember, the money we spend is not our money. It is the public's money. As such, all the spending we do must serve a public purpose.
- City employees and representatives who deal with outside contractors and vendors must maintain independence and impartiality in their business relationships, both in appearance, as well as in fact.

Conduct

- ▶ **Do not give or receive gifts, gratuities, or entertainment in exchange for business favors or to influence a business decision.**
- ▶ **Avoid personal relationships that can be construed as conflict of interest or raise the question of impropriety.**
- ▶ **Do not discuss solicitations with potential bidders. A Cone of Silence is formally in effect from the time bids are opened until the Commission approves the contract.**

Procurement Ordinance

- **Sec. 2–266 to 2–272 of the City’s Code of Ordinances.**
- **City Manager may execute contracts for the expenditure of budgeted funds up to \$20,000.**
- **Purchases or contracts for goods or services that are estimated to cost more than \$20,000 require competitive bidding and approval by the City Commission.**
- **Unbudgeted purchases require Commission approval.**

Dollar Thresholds

- Up to \$1,000 – Open market purchase – no quotes required.
- Over \$1,000 to \$3,000 – Must have three oral or written quotes, but no Purchase Order (PO) is required.
- Over \$3,000 to \$20,000 – Three written quotes and a PO are required, with City Manager approval.
- Over \$20,000 – A formal competitive process is required, with City Commission Approval.

Dollar Thresholds – continued

- **What is included in the dollar limits?**
 - The total value of all line items, including shipping and labor costs
- **How do I know what the cost is going to be?**
 - Request a written estimate or quote
- **IMPORTANT – Do not split purchases to circumvent the dollar limits**

Dollar Thresholds – continued

- Use the Quotation form to record your three oral or written quotes.
- Timing of Quotes – Must be BEFORE the purchase!
 - PO and Invoice Dates AFTER date of quotes.
- Emergency vs. Convenience – emergencies are extremely rare; affect public health or safety.

Competitive Procurements

- **Required for purchases over \$20,000**
 - ITB – Invitation To Bid
 - RFP – Request For Proposals
 - RFQ – Request For Qualifications (CCNA projects)
 - RLOI – Request for Letters of Interest
- **Departments develop Scope of Services**
- **Purchasing finalizes document and coordinates the process**

Competitive Procurements

➤ Competitive Process

- RFP is released and advertised on DemandStar, City website, and Sun-Sentinel
- Known vendors are notified by email
- Questions are received and answered in an Addendum
- Sealed Bids/Proposals are opened on the advertised date

Competitive Procurements

- **Competitive Process, continued**
 - **Evaluation Committee meets to evaluate and rank bids/proposals, recommend to City Commission**
 - **Contract is drafted, negotiated, and signed by vendor**
 - **Commission votes on approval of contract**

Competitive Procurements

- **Competitive Process, continued**
 - **Contract award – to the lowest responsive, responsible bidder (There may be factors to be considered other than price)**
 - **Determination and findings statement – when the award is not given to the most responsive, responsible bidder, a determination of findings statement shall be prepared.**
 - **Bids may be rejected by either the Evaluation Committee, the City Manager, or the City Commission**

Competitive Procurements – continued

- **Competitive Process, continued**
 - **Tie bids**
 - **Local Preference**
 - **Prohibition against subdivision – “no contract of purchase shall be subdivided to avoid the requirements of competitive bidding.”**

8 Exceptions to Competitive Process

- **Emergency purchases**
- **Professional services**
- **City standard commodities, single-source and sole-source commodities or service**
- **Disaster preparedness**

Exceptions, Continued

- Utilization of other governmental agencies' contracts (Piggybacking)
- Cooperative purchasing (Co-op)
- Certain contractual services (16 types)
- Best interest of the city

Contract Approval

“All contracts, deeds, mortgages, agreements and all instruments of any kind or nature whatsoever shall be executed by the mayor and the city clerk, and the city clerk shall affix the seal of the City of Wilton Manors as a part of the execution. All such instruments shall be adopted and ordered executed by either ordinance or resolution. The city manager may execute contracts as provided for in section 2-267, of the Code of Ordinances, as amended.” (Valued up to \$20,000)

Other Procurement Ordinance Provisions

- **Purchases exceeding \$30,000 in the aggregate shall not be purchased from the same person or entity during the course of any fiscal year, unless such purchase are first authorized by the City Commission.**
- **City Manager may extend agreements without City Commission approval**

Other Ordinance Provisions – continued

- **Change orders – City Manager MAY APPROVE:**
 - All change orders decreasing the cost of the contract that do not materially alter the character of the work completed by the contract.
 - Where the net change increases the cost of the contract by an amount less than or equal to 5%
 - On a unit price contract, a change order consisting of unit quantity increases at the unit bid price, which do not exceed 10% of the original unit quantity for each line item.

Other Ordinance Provisions – concluded

- Change orders – Continued
- City Manager MAY NOT APPROVE:
 - The city manager is not authorized to approve change order without authorization of the City Commission where the sum of all change orders issued under the contract exceeds 5% of the original contract amount.

PURCHASE REQUISITIONS

- **A purchase requisition is a request to purchase goods or services, not a request to make payment for purchases already made.**
- **A requisition results in the issuance of a Purchase Order (PO)**
- **Quotes must accompany requisitions**
- **Include as much detail as possible in the requisition**

PURCHASE REQUISITIONS, CONTINUED

Over \$3,000 to \$20,000

- **Verify that you have budget available**
- **Include Quotation form with at least 3 written quotes**
- **Don't tell vendors other competitors' pricing**
- **Don't let vendors change their pricing**
- **After quotes are received, limit vendor contact**
- **Retain your documentation**

What constitutes an unauthorized purchase?

- ▶ **Purchasing goods and services without going through the procurement process**
- ▶ **Splitting purchases to avoid procurement process**
- ▶ **Improper use of P-card (another session)**

AREAS FOR IMPROVEMENT

- **Quotation Form and related quotations received with dates later than invoice date**
- **Purchase Requisition/Purchase Order processed after receipt of invoice**
- **Independent contractors providing services without a written contract**

AREAS FOR IMPROVEMENT, continued

- **Contract signed by department director instead of City Manager.**
- **Contractors providing goods or services costing over \$900 but less than \$1,000 – Minor changes can increase the invoice amount over the \$1,000 purchasing limit.**
- **Multiple purchases from the same vendor in close proximity.**
- **Know your budget and plan accordingly!**

Sample Cases of Splitting Purchases (from an actual OIG Report)

- **Purchasing from two or more vendors for party rentals and supplies related to July 4th event.**
- **Two purchases of trophies on the same day – total of the two purchases met the procurement dollar threshold that requires at least 3 quotes**

More Sample Cases of Splitting Purchases (from an actual OIG Report)

- **Multiple purchases of plants for a project from the same vendor – total purchases met the procurement dollar threshold that requires at least 3 quotes**
- **Two payments of \$1,800 for generator maintenance 7 days apart**

THE END

Thank you for your attention!



OIG 18-015-M

APPENDIX B

Wilton Manors, Florida

October 17, 2020

Mr. John W. Scott
Broward County Inspector General
One North University Drive, Suite 111
Plantation, FL 33324

Re: OIG Preliminary Report, Ref. No. OIG 18-015-M

Dear Mr. Scott:

I have received a copy of the above preliminary report and wanted to take this opportunity to respond. I retired from the City of Wilton Manors over a year ago at the end of September, 2019, and I want to make clear that this letter is my own personal response, that the views expressed are my own, and that I have not consulted or coordinated with the City in preparation of this letter.

During my years as Assistant Finance Director with the City (2008-2011), I was not deeply involved with the City's Purchasing function, however during that time I became familiar with the procedures being followed. Upon my appointment as Finance Director in December 2011 one of my several goals was to make improvements to the Purchasing function. Many improvements were made during the remainder of my tenure, most significantly adding the City's first full-time dedicated purchasing employee, a Purchasing Coordinator. Despite the control weaknesses that were revealed by this report, which we worked to eliminate once we became aware of them, I feel confident that by working with our excellent Finance Department staff I left the City's Purchasing function in much better shape when I retired than it was in when I started the job.

Regarding the City's relationship with J&R, with the benefit of hindsight I realize, regretfully, that I made an error in judgement when I allowed the City's first procurement for a vehicle maintenance contract to be restricted to only maintenance for police department vehicles, and not require that all City vehicles be covered under the contract. Most of the issues identified in the report could have been avoided by having a comprehensive contract for vehicle maintenance covering all City vehicles. Before I retired we issued an RFP for such a comprehensive contract, and I understand that this process has been completed and that a vendor is now under contract.

Overall, the experience working with this OIG investigation was enlightening and instructive, if not pleasant. We made improvements to the City's internal controls based on what we learned as the investigation progressed over the years. It seems to me that these improvements exemplify how governments and other organizations can benefit from independent oversight.

Sincerely,

A handwritten signature in blue ink that reads "Bob Mays". The signature is written in a cursive, flowing style.

Bob Mays